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Open Letter Requests Dialogue With Berisha

AU2008174492 Tirana ZERI I POPULLIT in Albanian
30 Jul 92 p 2

[Open letter by Alban Kosova to Berisha: "We Invited You to the Table for Dialogue, You Sent Us Battalions of Police"]

[Text] I am entitled to state that, like millions of others, I did not vote for you for president. This, however, does not entitle me to show disrespect to you, nor to ignore my legal obligations as an Albanian citizen. In the spirit of dialogue and constructive criticism, we, a group of soldiers, presented you with a petition in which we expressed our thoughts about the reform that is being carried out in the Armed Forces. It was published and I was one of the signatories. Who else can we address except the legal authorities of the Albanian State? What happened after our petition was published and there had been time for the "organizers" to be identified? We had been expecting an invitation for talks with the president, when one night (God! Always at night, just like exhumations and evictions) the police surrounded the houses of a group of servicemen (from the Army, National Intelligence Service, and Public Order Ministry). They searched for guns, although they had no search warrants or authorization from the prosecutor's office. This was unprecedented arrogance, and even the officers involved were shocked since they realized they were seriously violating the law and democratic principles, and that these orders struck them as extremely arbitrary. Thus, in front of the terrified eyes of the women and children, with the words: "We are ordered by the president," they turned the houses upside down. They found their evidence all right: somewhere a couple of forgotten bullets, but that is just evidence of military life. After this came the handcuffs and imprisonment for carrying unlicensed firearms. In this way they were imprisoned, one by one, and then came the television reports that all the criminals had been arrested. In this dawn of democracy people are being arrested for possessing a couple of bullets; people who less than two weeks ago commanded tanks, artillery, and the whole Army. Dear Mr. President: This is the same as if there were an arbitrary search of your house and you were arrested for possessing a weapon because they found a surgeon's knife!

Mr. President, you are the president of all of us, the members of the Democratic Party, the members of the Socialist Party, prisoners, even those awaiting execution. There is no execution if you do not sign the warrant. Every condemned man hopes that his appeal will be answered. Since this is true, why are we not permitted to address our grievances to you? To who else can we complain? I have declared publicly that I am ready to argue my case with you personally. What happened? Detectives and mere volunteers demanded to know who was hiding behind the pseudonym of Alban Kosova. Some correspondents at RILINDJA DEMOKRATIKE began to spit accusations instead of writing the truth. I think that I am in the right. My house can be searched, but you should realize that these police, acting illegally, will not find a single bullet. Since they are acting illegally anyway, there is always the chance that they will plant some bullets on me. I will accept this challenge too, convinced that life in general is much longer than the tenure of a president. Dear Mr. President,

life is too short, and if I cannot talk to you as a citizen to his president, then I will talk to you as one Albanian to another and prove that I am right. I am convinced that no army of police will visit me afterward. You find time to receive people such as David Smile. Let me make a suggestion: There is a British documentary at the Public Order Ministry titled The Great Betrayal. You can see Mr. Smile speaking from a castle in Malta where he prepared foreign agents to penetrate Albania. They are the ones who killed 13-year-old Nik Pjeter Ndreka and more than 1,000 other people after the war.

Bucpapaj Interviewed on Reforms in RTVSh

AU1608143892 Tirana KOSOVA in Albanian 12 Jul 92 p 1

[Interview with Skender Bucpapaj, general director of Albanian Radio and Television, by Bedri Myftari; place and date not given: "Communist Ideology and Politics Are Antinational Ideology and Politics"]

[Text] [Myftari] ZERI I POPULLIT, KOHA JONE, and 24 ORE have recently started an intensive attack against RTVSh [Albanian Radio and Television] and you personally. How do you explain this?

[Bucpapaj] The goal of these newspapers and the foreign press in general is to create disbelief in the new democratic system that is being established in Albania after 22 March. Their mission is to create tensions, panic, anarchy, and chaos. The 50th anniversary of "The Day of Communist Press," which is on 25 August, is approaching, and there is no way this press can forget the mission that Enver Hoxha assigned it since the first article in ZERI I POPULLIT; an article that has led all our anthologies of the literature of socialist realism. It is known that the communist ideology and politics are antinational. They were applied according to Slav interests, spirit, and patriotism to run contrary to other peoples' interests, spirit, and patriotism. They were a Slav Hitlerism that continued for nearly a century in this world and half a century in Albania. Being very primitive either in aims or means, the Slav Hitlerism succeeded through primitive cunning and evil to impose itself on the peoples that it subjugated, and to isolate them from the rest of the world. Of course, it was more cruel than anywhere else in Albania. After Germans, Slavs consider Albanians, as a human race, their main enemy. We as a nation fit together with the Slavs neither in race, culture, civilization, nor in religious beliefs. Germany has always hindered the Slav penetration into Europe, whereas Albania has become a factor not to fulfill the Slav absolute and orthodox hegemony in the Balkans. It is known that orthodoxy appeared as a reaction to Christianity, but as its Eastern variant and enemy of the Western variant that is a symbol of the world civilization. Orthodoxy was established through Byzantinism and became its symbol.

Since the dismissal of Fatmir Kumbaro [former RTVSh general director], RTVSh has fought to change from an institution that was an instrument in the hands of communists, that was without physiognomy and nature into a national institution with a clearly defined physiognomy according to the demands of the time, into an institution serving national ideology and politics. This thing disturbs the communist press, which is concerned that not only national radio and television, but also the Albanian national state, feeling, and spirit do not exist anywhere in

the world. RTVSh has the same enemies as the Albanian nation. Slavo-Serb Communism is its main enemy. Everyone has observed that while their power was slipping away during the electoral campaign in February and March, many receivers were stolen in various areas of the country. This was done on purpose so that the people could not follow our television broadcasts, that is, to narrow the view of our RTVSh. The Slavo-Serb Communism has done and is doing the same thing in that part of our nation and homeland across the border, which continues to be occupied. They have jammed our channel with their programs, something that is completely forbidden by international laws. This makes it impossible to follow our broadcasts across the border.

The Slav-Serb Communism is interested not only in the nonexistence of the RTVSh but possibly in the disappearance of the Albanian nation, race, and state. By having a democratic national state, Albania will preserve and perfect the beautiful features of the Albanian nation and race, something that completely destroys the Serbian dream and ideal—wanting no other people besides Slav-Orthodox to exist in the Balkans. An identifying network of this nation is the RTVSh, which not only reflects the civilization level, but also presents the strength of race: its talent, beauty, and energy.

My pertinence north of Albania worries communists too much. It is known that we have always confronted Serbian barbarism. That is why we have had no illusion that we sometime can become brothers with the Serbs, that sometime they will begin to think good of us and become our friends. The Serbs have tried everything in their power not to allow people from these areas to become high-level leaders, and they have realized this for 50 years now since the foundation of the Albanian Communist Party. The fact that I as an intellectual human being have a special predisposition against Serbian chauvinism worries the communists. This is manifested in my creativity, and especially in the work I have done at newspaper DRITA to publish and propagate the literature, art, and culture produced in Kosovo and across the border in general.

They ask themselves, what if RTVSh acts in the same way, not openly, but through various games and their "intellectuals?" They have expressed reactions about why we started to broadcast "Information Diary on Kosovo" from 2030 to 2100 as soon as Zagreb suspended the Albanian program.

The Albanian intellectual spirit and my predisposition against the Serbs compelled me a year ago to found and lead the newspaper, KOSOVO, for a short time. My desire has been that courage and citizen bravery be a distinguishing feature of this paper. I am pleased that the paper has fulfilled this. However, I left the paper and never did cooperate with it because my goals did not coincide with those of several dubious men who had then penetrated the presidency of the Kosovo Association. You are witnesses of the fact that I have denounced them in the first meeting in which I participated. Meanwhile, several pseudointellectuals have spread the idea among the public that Skender Bucpapaj instructs KOSOVO and that I am behind the names of several other reporters. Once when I was working at the newspaper, DRITA, a crowd of writers with voices of various colorings and pitches approached

me unexpectedly and began to curse, insult, and threaten me for the content of KOSOVO the previous day. Among them, there were intellectuals for whom I had respect. I did not know why they were attacking me in such a way because I had not read that issue before.

I have tried to be a realist, but not a harmful one, that is, a self-controlled realist. I think that RTVSh, as a national and politically independent institution, should stick to a reasonable realism.

[Myftari] Much is spoken about the first interview by Azem Hajdari. Will this interview be broadcast?

[Bucpapaj] I do not know why Azem Hajdari has insisted on broadcasting that interview. If he was sure that his interview was worth broadcasting, he should have talked with me about it first. I do not know if he had any reason not to tell me, either on the telephone, or while drinking coffee, or in some other way. If I had not seen this interview, it would have been because the reporters did not make me curious about it. They considered this interview as very weak, containing incoherent thoughts. RTVSh has never had any prejudice about Azem Hajdari, either as a man or politician. Several days ago, he gave an interview on television for half an hour after his tour in Europe where he met with three presidents.

[Myftari] Have all the inefficient employees been dismissed from RTVSh?

[Bucpapaj] Not yet. There are a lot more. Restructurism has put them in such a difficult situation that they do not know where to go. One of them came to me recently. He was transferred to another editorial office where he felt insulted for the "abilities" he possessed. He told me that he wanted to find an editorial office where he could feel proud of himself. Go to any RTVSh editorial office that will accept you, and I will agree, I told him. He has been in nearly all of them, but has been sent from one door to another. Reorganization encourages competition, and the competition puts the inefficient aside. They will leave their place for the efficient and talented ones who come. There are several inefficient people who have weak features, but they are not convinced about this. These people will not be dismissed immediately. There are other efficient people who have produced nothing, but have dealt with private affairs using RTVSh's instruments or have been corrupted in other forms. We have dismissed and will dismiss these people from RTVSh.

[Myftari] What can you say about the broadcasts on Kosovo and Cameria? Will you enrich the content of these broadcasts?

[Bucpapaj] The International Radio Service, which until lately had undertaken the role of fighting the atomic bomb, fighting for the triumph of communism worldwide, and making the world international, has reduced its broadcasts in foreign languages. The free space will mainly be devoted to our compatriots. We will broadcast features on teaching the Albanian language to children, and programs for adults on our linguistic culture. We will also broadcast programs on our national culture and history. The International Radio Service will play the role of an Albanian university radio. Kosovo and Cameria will naturally join the whole structure of the RTVSh's programs and its entire content.

Tirana Mayor Kelmendi on Plans, Duties

*AU1608145792 Tirana RILINDJA DEMOKRATIKE
in Albanian 28 Jul 92 pp 1-2*

[Interview with Sali Kelmendi, newly elected mayor of Tirana, by Genc Tirana; place and date not given: "Tirana Elected Its Chairman"]

[Text] [Tirana] Mr. Kelmendi, I would first like to congratulate you on winning the election.

[Kelmendi] Thank you for the respect.

[Tirana] What do you have to say to the voters who entrusted you with the duty of mayor?

[Kelmendi] I am very affected and simultaneously happy that the people of Tirana voted for democracy and the Democratic Party. I understand that this commitment was not directly for me, because Tirana is full of honest and efficient people, but it was an expression of democratic culture and confidence in democracy. I am confident that this great predisposition of Tirana citizens will be a measure of full support for the thorough economic changes and developments that our country and the capital need. I think that the number of voters who did not vote this time will soon be reflected. The activity of democratic forces will necessarily and positively influence them. Many things have changed, and other projects are in the process of doing so. The new laws and decisions by the parliament and the democratic government will further stimulate the free initiative of the citizens. In this framework, the Municipality of Tirana will do everything in its power to alleviate our concerns and woes to further make the work of the people as independent as possible according to state laws.

[Tirana] How do you view the organization and functioning of Tirana City Hall under the present conditions?

[Kelmendi] The Municipality of Tirana requires special status. We have conceived a new structure a long time ago. Several of its links are strengthened. It is high time to make other new structures to determine and establish the city's connection with the problems of the people and the ministry. We are at a stage at which we should officially conduct several duties that will later be aspects of the economic and social logic of the municipality than of the operative management.

[Tirana] You now have several months' experience in managing the capital. What do you consider the most important problem to be solved at the very beginning?

[Kelmendi] The construction of blocks of flats alongside the villas built by the individuals are very imperative. Several institutions are working to finance them: production enterprises themselves, the Bank of Albania and its branches, the joint ventures that have been created, the new institutions that will be set up for this aim, various firms, etc. The completion of the legislation for construction ground is essential.

We should pass the winter with as few expenses as possible. We have signed contracts for the construction of new electrical equipment, and we are working to regenerate the protecting apparatus of the transformers and ensure reserve transformers. At the same time, we will ask the

government and ministries to help us more with export coal, petroleum, wood for heating, etc.

The study on the network of distribution of drinkable water has begun. We have plans to apply this project in phases and as soon as we can. The government is supporting our project with foreign credits.

[Tirana] Do you believe that you will solve all these problems you mentioned?

[Kelmendi] Certainly. I have confidence in the efficient and patriotic specialists and employees of Tirana. Despite the difficulties, democracy has laid down the ways to solve them.

I thank you once again!

Article Examines Electrical Supply Situation

*AU2008174592 Tirana BASHKIMI in Albanian
23 Jul 92 p 2*

[Article by Arben Bufi: "Electro-Energy System Facing Winter... and Market Economy"]

[Text] Every one of us cannot take our minds off the previous cold winter that passed without heating and electricity. Albania, which exported electricity for the last two decades, passed this winter by using oil lamps and candles (!) time and again—sometimes for weeks on end—regardless of the fact that the hydroelectric energy reserves were normal.

The electricity distribution systems in the main cities of Tirana, Shkoder, Dures, etc., which were projected only for lighting and cooking, but not for heating (many developed European countries do not use electricity for heating), could not face the increasing burden and were destroyed day by day. As if this were not enough, "dark forces" began their attacks against utility poles by stealing their elements and later pulling them down and stealing the transmitters. Even today, the main line of the electric power system Koman-Elbasan in the area of Lezhe District is out of work, because we cannot replace the one that was destroyed. Thus, the security on the work of the system was seriously damaged.

When the winter was over, the balance of this "fight" was:

1. The transmission distribution network was not working properly.
2. The number of defects was 20 times higher than a year ago.
3. The electricity burden was significantly increased for the population.
4. Tirana alone had 120 transformers out of order.

While the political forces continued their fight during the winter to gain as many parliamentary seats as possible, it did not occur to the politicians to worry about what should be done for heating for the population, lighting, etc. At these moments, the initiative of the Italian ambassador in Tirana, Torquato Cardilli, appeared as human as it was benevolent. He intervened with the government of his country to ensure a package of nearly 16 billion lira for an emergency intervention in the electrical power system.

Right after this, the technical-organizational meeting between the General Electrical Power Directorate and the National Institution of Electricity of Italy Commission was held in Tirana on 27 March. The meeting discussed the most urgent problems in the distribution network of the main cities and determined the urgent interventions to strengthen this network.

Being encouraged by this emergency aid, the Energy Institute activated a strong working group to study within a very short time the improvement in supplying Tirana city with electricity for the winter of 1992-93 and also in the future through inserting the new 200-Kw voltage. The distribution systems of the cities of Shkoder and Durres were studied in the same way.

Swiss aid consisting of 60 voltage transformers (4 million Swiss francs) has recently been confirmed.

Considering the amount of fuel that can be ensured for winter for the population of Tirana, that is, 70,000 cubic meters (a portion per family), 30,000 metric tons of coal, and 20,000 tons of paraffin, we can say that they are insufficient to pass the winter. Certainly, the population will use electricity for heating. Under these conditions, the distribution system will again be put in very difficult conditions, and history will be repeated.

Foreign firms have offered heating with liquid gas for 20-30 percent of the families of Tirana through adapting the necessary installments in the family with their own expenses on the condition that the customs tariffs be abolished for two or three years and the amount of taxation be reduced by 10 percent. If this had been accepted, the value of the import of coal and paraffin would have been reduced from \$5 million to \$3.5 million. This tactic is known in our country in Ballsh and Patos. The government should not only expeditiously decide on this problem but keep in the basket the price of electricity, paraffin, coal briquettes, and wood for heating by throwing house cooking and heating utensils in the market through firms.

To face this situation, we should ensure nearly 190 million leks in investments to expand the electricity network by October, whereas the significant improvement in the distribution network would require 16 billion lira promised by the Italian Government.

It is obvious that concerning the economic situation, it is impossible to simultaneously solve all these problems. Alongside the use of foreign investments, which is the main road to come out of this situation, I think that the

insertion of privatization in the sector of electricity distribution would be a great reserve. There may be many economists who consider this hasty, but if one discusses it in detail with specialists, especially with those of the distribution sector, one is easily convinced that privatization is a very effective way to deal with this situation. The best example is the Italian electrical power system, which was recently transformed into a shareholders company, in which the state owns the main part of the package. The other part of the package can be taken by all those civil workers who are interested in this branch of economy, which can be among the first concerning importance and the efficiency level of investments.

Emigration of Top Athletes, Coaches Decried

92P20385A

[Editorial Report] Skopje FLAKA E VELLAZERIMIT in Albanian on 19 July 1992 on page 15 carries an article by G.A. entitled "The Exodus—A Serious Blow to Albanian Sports" lamenting the exodus of Albanian athletes to the West, stressing that the emigration of Albanians, "especially to America," has always been a sad occasion for the country. The article continues: "With the events of recent years, with the struggle for freedom and democracy and the disappearance of the communist dictatorship, the country and the people have experienced massive and extraordinary emigration. Tens of thousands and hundreds of thousands have left the country—most of them young men and young women, including many athletes. Some teams and sports have been completely decimated. Outstanding and skilled coaches and specialists, as well as hundreds of athletes, including national champions with bright futures, have left."

The writer gives several examples of volleyball coaches who are now in Italy and volleyball players who are in Switzerland, as well as gymnastic specialists, basketball players, and soccer players and coaches who are in Greece and Italy. "More than 100 soccer players have left. Some of Albania's best soccer players, who were members of Albanian national teams, are playing for various teams in European countries. The worst thing is that they signed contracts for very small, even ridiculous, amounts of money, just to feed their faces. Nevertheless, the damage to Albanian sports is evident. It is true that some new talent is coming into Albanian teams but time is required to train these athletes and to bring them up to the level of masters."

In conclusion, the writer says: "We should not forget weight lifting which was perhaps the most important sport in Albania. Its well-known stars, Pirro Dhima, Luan Shabani, and others, winners of international medals, are also out of the country."

Open Letter Details Accusations Against Havel
92CH0830A Bratislava SLOVO SDL (supplement)
in Slovak 20 Jul 92 p 4

["Excerpts" of a letter by the Club of Bratislava Antifascists, signed by Jozef Balaz, Andrej Gombela, Jozef Geci, Michal Recho, and Rudolf Kadlec: "Dear Mr. President Havel"]

[Text] Dear Mr. President Havel,

The results of our parliamentary elections expressed the will of our citizens who are, in your words, "the main executors of power." Their will is not universal, but rather specific. It calls for such future agencies of power and for a composition of their new personnel that would not stand in the way of our further advancement or of the coexistence of our two fraternal nations. As we see it, this concerns a change of the person in the office of the president of the CSFR as well.... Please consider with us the reason why your election for the third time was, to say the least, questionable, in our view, untenable, and for the Slovak nation, unacceptable.

The first of your serious transgressions against the citizens of the CSFR was your declaration of the unjustified far-reaching amnesty for criminals in prison. Its consequences immediately after its implementation resulted in increases in murders and general criminality in the CSFR, which continue to this day. This transgression cannot be undone. What would we have had to face had you been reelected president? We do not know.

As for our internal situation, you contributed to the crisis in relations between the Czech Republic and the Slovak Republic, which was conspicuously reflected in the frustrated relations between our nations. We could mention your "disinterested" participation in the recall of V. Meciar from the office of prime minister of the Slovak Republic, or your signing of the lustration law and the amendment to the criminal code and other acts that you "camouflaged" with your disapproval but which you signed and blessed. You helped weaken our internal relations by initiating your proposals for a change in the structure of the Federal Assembly, which would jeopardize the prohibition of majority rule. At the same time, if implemented, your poorly conceived proposals for greater powers for the president and his office would essentially lead to "presidential dictatorship." That would completely destroy the state soon after current elections and directly strengthen the Czech political right wing, which you overtly support even now. As actual participants in the struggle against fascism (many of us still live and are obliged to take a stand about these issues) are following with considerable anxiety your efforts to integrate the CSFR into the NATO and the involvement of our military in interventions abroad. On several occasions we stressed in our statements to you and to other governmental representatives of that the CSFR is a corridor to the East and that our nations, betrayed by England and France in Munich 1938, were forced into slavery. Geopolitical experiences of our generation make us realize that the CSFR should not join any international military pacts where our young descendants would have to serve in future conflicts as mere cannon fodder for the sake of foreign interests of "future Europe." What will Europe be like? It is hard to say, but it certainly will not be prosperous without social and military problems. For that reason, we demand

military neutrality for the CSFR, even though many politicians incorrectly maintain that in this day neutrality is outdated and obsolete. Such words are not true. The geopolitical situation of the CSFR has not changed, the only thing that has changed is the interest of the superpowers. Unfortunately, that is reflected in our escalating indebtedness to the West—currently as much as \$10.5 billion (which is three times higher than before the political change two years ago).

What else can we add? That you personally act as a humanist and that you may subjectively harbor a feeling of righteousness, but your actions contradict both the reality and the genuine interests of the grassroots. Simply put, this is a dichotomy of words and actions. You do not recognize the real interests and needs of our working people, although you are trying to appear often among our people.

You appointed a great number of advisers primarily from among your close friends who had not lived for many years among the Czech and Slovak people—for instance, Tigrid, Schwarzenberg (to mention only these prototypes). They share part of the blame for your failure in the presidential office. Be assured that all these Europeans can see are their own egos and not the interests of Czechoslovak citizens. Thus, you are not nonpartisan. In the public eye, you have lost face also concerning ethics, in spite of the fact that certain foreign circles have elevated you to an idol and try to convince themselves that Havel and the CSFR are one and the same thing. Do not be completely deluded by such illusions.

Problems Surrounding Referendum Increasing
92CH0832A Prague LIDOVE NOVINY in Czech
25 Jul 92 p 3

[Article by Eva Martinkova: "Constitutional Organ Disapproves Constitutional Steps"]

[Text] *The constitutional law on the method by which the federation will cease to exist and on settling property and other relationships, the rapid adoption of which (by 30 September) will be pushed by the ODS [Civic Democratic Party] and the HZDS [Movement for a Democratic Slovakia], could become a rapid solution to the constitutional crisis, which would be adequately elegant with respect to the rest of the world. However, in the Federal Assembly it will most probably come up against disapproval on the part of the opposition.*

An opinion poll among representatives of the opposition parties indicates that the majority of their delegates would prefer a variation of partitioning or not partitioning a state on the basis of the results of a referendum. The most recent public opinion poll favored the opposition: Some 83 percent to 85 percent of the voters in both parts of the federation would be willing to participate in the referendum; in the Czech Republic, 24 percent of the voters would favor the departure of their republic from the federation; in the Slovak Republic, 32 percent of the voters would so indicate. In comparison with a poll conducted nine months ago, the percentage of citizens who are determined to vote this way virtually doubled, but it does not by far reach the level required by the present law on a referendum (an above-50-percent majority of all voters).

Such a great supporter of a referendum as Vaclav Havel stated, while taking leave of his presidential office at Lany, that it is already late for a referendum today, that it should

have been held a year ago, or six months ago. Now, according to his opinion, it is possible only to conduct a ratification referendum through which the citizenry can confirm the direction of political developments. Voices from the Czech governmental rightist coalition point not only to the expense of a referendum, but also to the increased tension between the Czech and Slovak public that a referendum could bring about and note the fact that the referendum would point to the question of successor rights in the event only one of the republics voted for partition. For the present, the government coalition has not clarified developments in the event the results of the referendum were to favor a joint state.

However, it is precisely the fact that citizens will state their preference for a common union that the opposition is counting on. The chairman of the CSSD [Czechoslovak Social Democratic Party], Jiri Horak, will not be supporting a law calling for the dissolution of the federation, because this is contrary to the CSSD election program and his own convictions. Thus, the CSSD will be supporting the variation of partition based on a referendum. The challenge issued by the city committee of the CSSD, headed by Milos Zeman, calling for supporters of the joint state to wear a tricolor ribbon in their buttonholes, however, did not attract the attention of the public or of the communications media.

The representative of the LSU [Liberal Social Union], Socialist chairman L. Dvorak, one day cautiously spoke of the necessity of a constitutional disintegration, which the law on the disestablishment of the federation takes into account, and indicated his support for it. The next day, the Executive Committee of the CSS [Czech Socialist Party] stated that a referendum was the sole possible act which could partition the state. Given the lack of homogeneity of this political conglomerate, it is impossible to make an accurate estimate regarding the voting of its delegates. The left bloc clearly supports a referendum. The Republicans can hardly be expected to agree with the ODS proposals.

On the Slovak side, the law will be clearly supported only by the Slovak National Party, in addition to the HZDS. The priority of a referendum is favored by the Democratic Left, chaired by Peter Weiss and also clearly by Dubcek's Social Democrats, as well as by the coalition of Hungarian parties (for the Hungarian minority, the referendum constitutes a certain hope for retention of a joint state, in other words, hope of a more welcomed form of constitutional arrangement). The position taken by Jan Carnogursky and his KDH [Christian Democratic Movement] is not completely clear for the time being. A total of 11 delegates from other parties would have to be rounded up by the government coalition in the Federal Assembly for the law on disestablishing the federation to pass with a three-fifths majority. If it does not pass, this will not be reason for rejoicing on the part of the opposition. Its proposal for an amendment to the constitutional law on the referendum would meet a similar fate. The legitimacy of the steps leading to the disestablishment of the federation will obviously be handled with more difficulty than both of the strongest political parties had visualized during their negotiations.

Slovak Writer Analyzes Meciar's Victory

92CH0782A Prague LIDOVE NOVINY in Czech
3 Jul 92 p 8

[Article by Martin Simecka: "The Elections as a Protest"]

[Text] Right at the start I will work on the frankness that I often leave out in my writings because of attempts to be objective. I want to say that I am relieved. I am relieved because now other people bear the responsibility for the fate of Slovakia that I have been carrying on my shoulders, only in my thoughts, in the form of a fear for the success of my comrades in politics who actually bore the responsibility. But I am still worried.

This is because the results of the elections in Slovakia demonstrated the failure of the political instincts of the right-wing parties, which believed in their success right up until the last moment and showed how complex and ambiguous the development of democracy after the communist era can be. For the first time in Czechoslovakia (and thus, somewhat behind the rest of Eastern Europe) after two years of institutionally created democracy and two years experience with it, elections were held. Czechoslovakia again becomes the laboratory for this part of the world where within one country the model development takes place for today's argument about civilization.

Slovakia plays a key role in this. It also gives truth to the fears that two years of democracy is no guarantee against the desire for continuity with the predemocratic era. The first steps by the victorious movement after the elections showed that the pre-election rhetoric was deliberate and serious and the hopes of those who hoped and still hope that the events after the elections would not be patterned after the strong words of the politicians are probably dashed. The HZDS [Movement for a Democratic Slovakia] has no reason to moderate its attitude because it was thanks to just these strong statements by its politicians that it won!

Analysts of the elections are certainly right when they explain the voting in Slovakia for the HZDS and the left-wing parties by the oppressive nature of the economic reforms, the fact that the Slovak experience with socialism was better than the Czech experience, and the historical inclination of the Slovak voters toward the socially oriented parties. Nationalism also played its role—perhaps the most important one. Despite this, however, I think that the strongest reason for such a victory by the nationalist left in Slovakia was actually a protest. It is perhaps important to bear in mind that the conflict between the willingness of the Slovak voters to remain in a joint state and at the same time to defy the Czechs by escaping from the natural dominance of the larger nation found its expression in just this vote for the HZDS and, in particular, for V. Meciar.

No One Rejoiced at the Results

This method of protest is very similar to the Danish referendum. The Danes did not vote against the idea of Europe, but mainly against the thinking in Brussels and its bureaucratic excesses. I saw in the TV coverage of the midnight revels on the streets of Copenhagen where the Danes celebrated how a small nation stuck its tongue out at the entire world and how they got on the front page of the world press. It was, among other things, a protest against the press and the media which tried to put the Danes under

an obligation with the arguments and statements of the politicians as to how important and necessary it was to vote in favor of the proposition.

In a certain sense, the Slovak voters behaved in a similar way. They did not protest against the idea of Czechoslovakia, but against the thinking in Prague. The HZDS gave them the best opportunity to do this because everyone who wanted to could believe that this movement supported something like a joint state, but at the same time their protest could be heard. It was also a protest against the federal media and an answer to today's doubts about the operation of the means of communications as such. It showed that the attitude toward them is a more determinant and important factor in the formation of opinions than the actual information which is contained in them.

The difference between Denmark and Slovakia is probably two things: First of all, no one rejoiced at the victory of this protest. That was odd. I am thinking over whether the reason for this was not simple relief at the fact of what we had done and a fear of whether this was just too strong a medicine for the Czechs. The Danes could, after all, be sure that Europe would continue to seek their favor. However, after the election Slovakia certainly could not look for any courting on the part of the Czechs. Because, and this is the other difference, the Danes also voted for, among other things, the defense of their internal Danish democracy against the European bureaucracy, while the Slovaks by their vote on the contrary cast doubt on their joint Czechoslovak democracy and gave the nationalist idea priority over it.

The Slovak voter had still another motive for choosing the HZDS besides this protest vote. The chairman of the HZDS expressed it in the days right after the elections when he rejected Vaclav Havel. This rejection has deeper roots than it may seem at first. One of these is the uncertainty about any kind of moral values and a distaste for the values of the type that Vaclav Havel himself represents. Over a period of 40 years, Slovakia, with its Catholic tradition, was strongly secularized and the space vacated by the traditional values of Catholicism was, of course, filled only by socialism with its moral relativism, conformity, and inability to relate to anything higher. I do not think that the Czechs were better because they, like Vaclav Havel, recognize him as a moral authority who embodies for them that higher moral principle. They are just lucky that Havel is a Czech and it is easier for them to be proud of him. The problem is that in Slovakia this willingness to recognize such an authority is simply lacking. Perhaps only because this Czech Havel "does not understand the Slovaks" and does not fit in with the Slovak way. But is this by chance?

The Protest Has Died Down

It is a sad paradox that the Slovak newspapers today are much more concerned with thoughts about the joint state than are the Czech papers. The protest has died down and lost its purpose, becoming something entirely different. A fateful step whose spell is in the fact that it was thought of entirely differently. I am rather inclined to have Slovakia bear the responsibility of a mature nation for that step, as it feels itself to be. The federation was split at the time of the elections and is separating itself more and more in our consciousness and language. The language that the current Slovak representation uses is, in my opinion, incompatible

with the federation, not only as regards the term "international identity," but also in regard to the fatal differences in thinking, concept, and manner of expression.

It will not be easy because the Slovak voters have possibly found enough will power to take the step that led to the destruction of the state, but I am not at all sure that they also have enough will power to build a new state. What will be the concept of this state? What myth will be dreamed up for this occasion? One about the dove-like nature of the people? After all, it is just these strong words and vision of the enemy that have enjoyed the greatest success.

I fear most the lack of this will. Perhaps today it would truly have been better if a majority of the nation had desired an independent state in the positive sense and not just as the negation of something. Because in the state in which Slovakia finds itself, it is possible to implement whatever idea and ideology that the victors decide. It is indeed not my responsibility, but it is my concern. And it is the concern of all those who want to live in Slovakia.

Leftist Trend in Contemporary Slovakia Analyzed

92CH0815B Bratislava KULTURNY ZIVOT in Slovak
2 Jul 92 pp 1, 6

[Article by Miroslav Kusy: "Are Slovaks More Leftist?"]

[Text] After the end of World War II and the demise of the Slovak state, Slovaks in the restored Czechoslovakia expressed their political attitude in the first free elections in 1946. It was unequivocal: 62 percent of the votes went to the Democratic Party. Communists, who scored highly in the Czech lands, had to be satisfied with second place in Slovakia, having received 30 percent of the votes. These results did not allow any other interpretation than that in Slovakia the right won, and in the Czech lands, the left.

Today, the situation seems to be reversed. In the Czech lands the trend on the political scene after November 1989 points ever more markedly toward rightist groupings, but in Slovakia the opposite tendency prevails—tendency to an ever more marked leftist radicalization of the mainstreams of Slovak politics.

If that is really the case, where are the underlying causes of this qualitative reversal of the entire political orientation of both nations to be found?

In 1946, the result of the elections in the Czech lands was decided by its proletarianized, overwhelmingly urban population, decimated by the German occupation of the country and socially radicalized by having been pauperized by the war and the postwar shortages. In Slovakia, on the other hand, these were elections of a still overwhelmingly rural country, relatively untouched by the horrors of the war. The absolute majority of the membership base of the victorious Democratic Party consisted of the traditionally conservative small and middle-sized private farmers. In the overall structure of the Slovak population their share was even higher.

In the Czech lands, the basic process of industrialization and urbanization was essentially completed during the era before the war, within the framework of the decisive wave

of industrial revolution in the advanced European countries. In Slovakia, a belated onset of overall industrialization and urbanization began only after World War II, reaching its height sometime in the middle of the eighties. From this point of view, the Slovak developmental curve of overall economic prosperity, labor productivity, gross per capita output, absolute increase of production, and so on—as well as of the corresponding increase in the standard of living—was moving consistently upward during this entire era, with relatively high yearly percentage increases. Their increasingly marked decline and finally also stagnation began to appear here only in the eighties.

As if in paradox to this process of Slovakia's economic growth, taking place at the same time was an opposite process of an overall economic degradation of Czechoslovakia, which gradually worked itself from its prewar position in the first 10 most industrially developed countries all the way to the level of a developing country. This downward trend therefore affected primarily the Czech lands. Both these processes were taking place within the framework of the so-called socialist development of Czechoslovakia, which in Slovakia was associated with an industrial and urbanizing upward trend, whereas in the Czech lands it was associated with the decline of the country that missed taking part in the postindustrial phase of development.

The 1989 revolution was in this sense a liberation from the retarding fetters of the socialist economy. In Slovakia, however, this revolution coincided with the end of the industrialization and urbanization boom, thus with the exhaustion of the possibilities of an extensive economy and the onset of economic stagnation following the termination of a single line of growth. For a considerable part of the Slovak population, this brief concurrence brought a qualitative worsening of their situation, a significant decline in their standard of living, and consequently a radicalization of their political attitudes. Thus the slogan: "We were better off under communism" appears and is relatively widely accepted in Slovakia.

The industrialization and urbanization of Slovakia were unavoidable processes which all other neighboring European countries went through. However, the coincidence of these processes with the socialist "development" of Slovakia meant that it was a markedly distorted industrialization and urbanization because it was not based on the optimal, natural possibilities of the country and its population, but was subordinated to the aberrant communist ideological and strategic-political plans and goals: preferential development of heavy industry, strategic placement of factories in relation to the western borders of the republic (East Slovakia Iron Works), the concept of mutual dependence within the framework of the Warsaw Pact (iron works in eastern Slovakia, but iron ore from Ukraine and final processing in the Czech lands, ditto aluminum works in central Slovakia, dependent on imports of Hungarian bauxite and export of semifinished goods for final processing abroad, and so forth). Although the socialist urbanization of Slovakia transformed Slovaks in record time from a mostly rural into a mostly urban population, at the same time it transplanted it from a harmoniously developed, beautiful rural country into barracks-like suburbs of panel construction high rises without a developed urban infrastructure and in a devastated environment.

The consequences of such conceived industrialization and urbanization of Slovakia are beginning to weigh on us even more heavily today, now that the end of the extensive and communist-oriented development of Slovakia has connected with it. Among them is the substantially higher degree of unemployment, social pathology of the housing developments, the uncertainty of a considerable part of the population about their livelihood, the need to shift and retrain huge numbers of the work force as a result of the closing down of unprofitable productions, conversion of the arms industry, substantial cutbacks in the mining of poor quality coal.... All this represents the other source of the radicalization of a large part of the Slovak population, and thus also a shift to its more pronounced leftist orientation.

This is fertile ground for various populist political parties and movements, which offer to all these insecure people simple and cheap recipes for solving the problems stemming from the present Slovak economic and political situation. There are three types of recipes:

The first is authoritarian demagogy, according to which solutions must be entrusted to a strong, resolute leader, acknowledged by all. Such a leader will rid us of political squabbles, divisiveness, contradictory political activities that cancel each other out, and unite us in one functional whole. The leader will think and decide for the united masses, which will merely carry out his will. This is the type of populist movement toward which the Movement for Democratic Slovakia with Vladimir Meciar at its head is inclined.

The second is social demagogy of the communist type. It stresses its class conception of social justice, sets poor people against the rich as the cause of their inferior social standing, pleads for redistribution of the national income, and a strong socialist state that will carry out this redistribution. It sees the solution in the class unity of the workers, in giving priority to meeting their social requirements "at all costs."

The third is the social demagogy of the Slovak national parties and institutions, which finds the solution in exalting national self-identification, in strengthening national pride, in a national state, in uniting all the "chosen" inhabitants of the country with the help of national mystique and symbolism (legacy of the ancestors, the call of one's native blood, the escutcheon with a cross on three small hills, the native tongue, the placing of the precise "center of Europe" in Slovakia...).

Of course, these three types of Slovak populisms permeate each other, so that the only question is which of them is dominant. Common to all is a marked leftist orientation, as is characteristic for any kind of populism. It is particularly important to keep this connection in mind in the case of nationalism as an unequivocal leftist ideology. It was true even in our pre-Munich conditions, when a noted analyst of the time uncompromisingly stated that a nationalist "cannot be, at least definitely not in our country, considered a rightist" (Charles, count of Schwarzenberg, "*Obrana Svobod*" [Defense of Freedoms]). Slovak populism in all these three forms is therefore the third "retroactive" source of the growing leftist orientation of the Slovak population.

Improvements in Statistical Analyses Reported
92CH0828A Budapest FIGYELO in Hungarian
16 Jul 92 p 19

[Article by Tamas Kotulics, Central Statistical Office official: "Measurement of Industrial Performance"]

[Text] *An important and recurring question during the past few months is whether the plummeting of the economy will stop, or will the 1991 trend continue? One of the most important statistical indicators, the progression of industrial production, can bring us closer to an answer. Starting this year, this indicator will be measured by a new method as part of the efforts made by the Central Statistical Office [KSH] to improve economic statistics, says our author, an official of the KSH.*

Indexes

A renovation of statistical terminology and its adjustment to the terminology used internationally has begun.

Bilateral and multilateral negotiations with the statistical offices of developed countries and with international organizations (especially with EUROSTAT, the statistical office of the EEC, and with the OECD) have greatly contributed to the success of methodological innovations. The rejuvenation of the system of economic statistics offers more possibilities for a modernization of the system of information. The internal proportions have been modified, because, beyond satisfying the government's hunger for information, the participants in business life and the public also have to be better informed.

As the transformation to a market economy progresses, a decisive role is being given to short-term indexes, which we have begun to apply to the measurement of industrial production.

Changes in industrial production are being measured using several indexes, for instance production figures for the more important products calculated in natural units of measurement, the volume index arrived at by filtering price changes out of the value of production at current prices, and weighted aggregate indexes calculated for representative products.

Only some of these production data can be used to draw conclusions that characterize an entire industry (for instance, in the case of individual sources of energy, steel, cement, and so forth).

The production volume index, which we mentioned in second place, is the most widely used index figure for industrial production nowadays. Under the conditions of a planned economy, a heightened emphasis was placed on the cumulative index calculated from the beginning of the year, because a change compared to the same period of the previous year showed most appropriately to what extent the fulfillment of the plan could be expected.

In the course of the transition to a market economy, short-term information, analysis of the business cycle, and economic prognoses have become more valuable.

The earlier cumulative indexes, or the ones comparing a given month of the preceding year to the present month, cannot be used for this purpose. For this reason, in addition to the indexes mentioned above, in 1991 the

Central Statistical Office began the methodological development of a fixed-base index of production.

The index columns of the table show that indexes with a mobile basis sometimes do not even agree in their tendencies with those with a fixed basis.

The difference can be attributed to the fact that indexes with a mobile basis are not only influenced by the cumulative index of the month which has been added last, but also by the cumulative index of that month in the previous year which is now being eliminated from the basis. For this reason, indexes with fixed bases are appropriate for drawing a graph of production illustrating continual, short-term changes, as well.

Index Advantages

Developing indexes with a fixed basis presupposes that we possess comparable data retrospectively, that the data represent a longer time series, and that we are able to filter out seasonal effects resulting from the fixed basis (the monthly average of one year). (As is well known, if we examine a long enough time series, the data of industrial production, and other economic indicators as well, display a fluctuation over the year that is characteristic of the same month each year. The indexes correlated with one-twelfth of the basis year need to be adjusted for this more or less regular average fluctuation.)

Of the above-mentioned presuppositions, only that referring to a long time period obtained; the data were only comparable to a limited extent because of frequent changes in the circle of informants and the differing frequency of data collection in different areas. For these reasons, in numerous cases it became necessary to use an estimate by experts, based on other sources of data, in order to supply the missing data with the greatest possible circumspection.

For instance, because of the increased importance of small organizations in contrast to previous years, we began their representative observation in 1991. This caused a problem of comparability, which we solved by approximate calculations utilizing the 1990 data of industrial statistics and data taken from balance sheets. The situation was similar in January 1992, when we extended our observations to enterprises without the status of a corporate body.

Another problem of comparability can be caused by changes in the frequency of data collection. The 1991 representative quarterly observation of small organizations was replaced in 1992 by a monthly observation. Based on the latest findings, we had to create the monthly basis data for the previous year by estimates.

Another problem was that we did not have an appropriate method for filtering out seasonal factors. Only by the fall of 1991 were we able to acquire a modern computer program through the Canadian Statistical Office which, by the much more sophisticated application of mobile averages, made it possible to "filter out" seasonal fluctuations. After having learned the use of this complicated program, following the recommendation of the European Community, we started to develop indexes with a fixed basis compared to the monthly averages of 1985.

We had to refine and correct our methods in the course of instruction and the complicated and parallel processes of calculations and corrections. For this reason, the data in the last column of the table are slightly different than the ones published earlier. By now the time series has been prepared for all four major indicators of monthly industrial statistics (production, total sales, domestic sales, exports).

Time Series

Graph No. 1 shows the monthly industrial values of average seasonal factors calculated on the basis of the data of industrial production between January 1985 and April 1992, and shows the results of running the program after the last correction in the methodology. It indicates how much seasonal factors modify the actually measured volume index with a fixed basis in a given month.

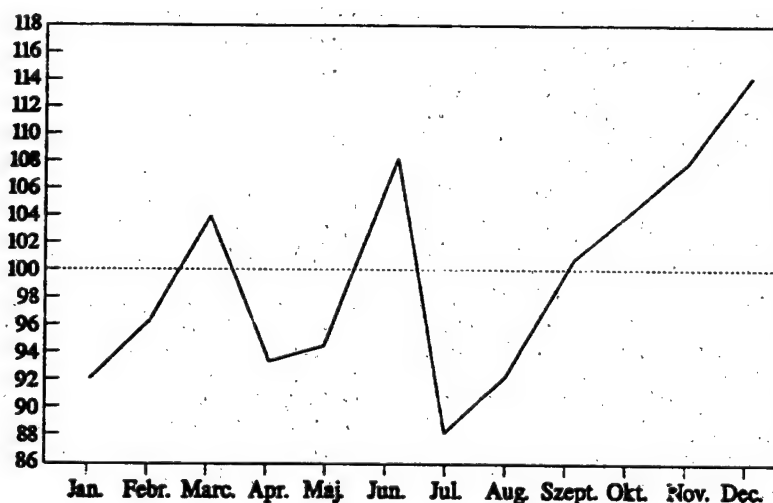
The considerable dispersion of the calculated data demonstrates how important the seasonal correction is in the case of indexes with a fixed basis. Otherwise the indexes distort the data in a different direction and to a different degree each month.

Graph No. 2, also a result of the above-mentioned calculation, shows the development of the index of the volume of industrial production from 1989 until today, compared to the monthly averages of 1985, with and without seasonal correction.

This graph shows that in the first months of 1992, production fluctuated around the level of that at the end of last year, while the cumulative index compared to the same period of 1992 shows a 19-percent drop, compared to the 11-percent drop the year before.

We will gradually extend indexes of production and sales with a fixed basis to the data of the various branches of industry.

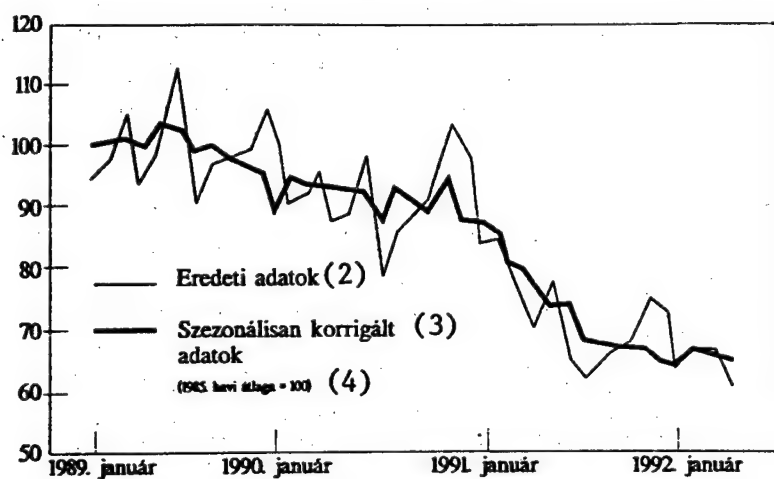
(1) Az átlagos szezonális tényezők 1985—1992



Key:

1. Average Seasonal Factors 1985-92

(1) Az ipari termelés volumenindexei



Key:

1. Volume Indexes of Industrial Production
2. Original data
3. Seasonally adjusted data
4. 1985 monthly average = 100

Volume Indexes of Industrial Production
(Including Small Organizations)

	Same period of last year = 100	Same month of last year = 100	1985 monthly average = 100 (adjusted for seasonal factors)
January 1992	75.7	75.7	63.2
February 1992	78.5	81.4	66.2
March 1992	80.5	84.2	65.0
April 1992	81.1	82.7	63.7

New Chief Looks at Office of State Protection*92P20384A Warsaw EXPRESS WIECZORNY
in Polish 30 Jul 92 p 3*

[Article by P.S.: "Lamb in Wolf's Skin; The Office of State Protection in the Eyes of Its New Chief"]

"The Office of State Protection [UOP] is not a secret political police," assures the new UPO chief, Prof. Jerzy Konieczny. Special services concentrate on counterintelligence work and on so-called white intelligence, which deals with analysis of generally accessible sources, the press, and political party programs. They also "observe" certain political functions and occurrences. "There is, to be sure, an area of 'cloak-and-dagger information collecting,' but this constitutes just a small percent," Konieczny claims.

Polish intelligence has a "nonconfrontational" character. It conducts no activities abroad. In Konieczny's opinion, intelligence officers are a group of experts whose task is to deliver important information in the interest of the state.

The UOP was to be a rather small but efficient instrument that would distinguish it from its predecessor, the Security Service [SB]. But in the opinion of its current chief, it is already too small. It now consists of three administrations (intelligence, counterintelligence, investigations), nine offices, and 14 regional branches. Konieczny thinks that "white intelligence" in particular should expand—the Office of Analysis and Information, which prepares information for the president, the prime minister, and the government, cannot manage to keep up with the requests.

Contacts with foreign intelligence services are progressing well. Foreign intelligence services have their own declared stations in Poland. "We know who is chief of station. They in turn know our station chiefs in their countries. We frequently exchange information, especially concerning international terrorism, the mafia, narcotics, and money laundering," said Konieczny.

The new UOP chief proposes setting up a parliamentary commission with oversight responsibilities for the special services. This commission would pass judgment on candidates for high state positions, would determine the UOP budget, and would demarcate strategic intelligence and counterintelligence tasks. Members of this commission would have to strictly maintain state secrets (as in the United States and Germany). They would take an oath as required by UOP staff employees. In the future, the UOP may yet be taken out of the structure of the Ministry of Internal Affairs and will be directly subordinate to the prime minister or the president.

Aspects of Military Doctrine Definition*92EP0607B Warsaw POLSKA ZBROJNA in Polish
5 Aug 92 pp 1, 5*

[Article by Stanislaw Lukaszewski: "Around the Doctrine"]

[Text] Where to begin the straightening up of the army? From its restructuring? From its doctrine? Some people claim that the principles of our doctrine should be drafted first, followed by the army's appropriate restructuring. Others say that this process ought to have the exactly opposite order.

We have decided to undergo restructuring, having assumed that a military doctrine is only a set of opinions about the conduct of military operations. Whether it exists or not, life goes on, in a way. Surely, we have to have a doctrine in a written form. We used to have a war doctrine. Then we tried a defense doctrine, while other states have simply their own military doctrine without making much ado about it.

Thus, the military doctrine is a codification of the essence of our foreign, domestic and defense policies, implemented jointly by the defense and foreign ministries. It is the codification of what already exists. Therefore, one cannot expect bombshells—that, having made certain decisions, we could say for sure that we know it all, and we know how to restructure the army in particular. The fact that we do not rush with the formulation of the final position appears to be praiseworthy. Our views regarding the conduct of the future military operations (let us hope that it will never come to that) could turn out to be only theoretical and (luckily) never tested.

At this point we do not know whether this document will be called "the defense doctrine." It does not seem so. It would be rather our interpretation of the state's national security policy and the defense policy as such. This interpretation will probably be presented to the highest state agencies and, having been approved, will remain a code of rules, that is our doctrine. This is expected to take place at the end of September or the beginning of October of this year.

There has been some fuss about the doctrine, it seems. It is believed in the circle of the renowned politicians and the military that a state has always a view about the conduct of war, which is also what Minister Janusz Onyszkiewicz emphasizes. Therefore, from the theoretical point of view, a state always has its military doctrine. The problem is whether it is formulated in the form of a document. We have published such a document in the spring of last year. Some people claim that it was the first and the only document in the world which was called "the defense doctrine."

To be sure, countries do publish policy papers. But these documents articulate views which had been already expressed through the army's structure and disposition. Before the war—which is sometimes recalled—the whole doctrine was in Marshal Pilsudski's head. The current doctrine, just as our army's posture, is yet to be created.

We cannot have the army units positioned only on the western border of our country. We have to strengthen our eastern and southern borders, not only because we might be afraid of an aggression, but because the borders of our country have to be protected from all directions. None of them can be deprived of that protection, as it has been until recently. Our neighbors seem to perceive this policy as logical and understandable.

Directives for practical actions result from this defense policy. We will have to cede the former military installations on our western border to the civilian sector of economy. Not only it is expensive to keep them, but it is simply superfluous. In lieu of this we will have to take over installations in central, and most of all, eastern Poland. Already today, the vicinities of Lublin, Rzeszow, Jaroslaw,

as well as Olsztyn, Elblag, and Braniew are becoming more alive. But this process depends on the availability of funds. The pace of establishing the Crakow Military District depends first of all on money, of which there is not enough, as it is well known.

Although there has been a lot of commotion about the doctrine, the constructive discussion has fallen into the trap of the budget....

Gentlemen do not talk about money. Gentlemen have it.

The armed forces ought to be positioned evenly throughout Poland's territory. Everybody agrees on that. But how long the process of the unit deployment will take? One can guess that it will take a long time. Minister Onyszkiewicz hopes that the condition of the state is going to improve, so that we will obtain more means to allocate them for the housing construction, headquarters for the cadre in the east, and equipment. But it is difficult to talk today about deadlines.

In the meantime, while debating where the straightening up of the army should begin—from its restructuring or its new doctrine—one should pay attention to the sudden problem with our southern neighbors. Will the separation of the Czechs and the Slovaks influence our good neighborly relations? What is the future of the "Visegrad Triangle"? As of now, they talk about a joint, Czecho-Slovak ministry of defense, but is life going to surprise us again? As it is well known, life can be wilder than the wildest dreams. While debating the doctrine, considering a rational disposition of our military units, and contemplating the degree of the desired professionalization of the army, it is worthy to focus on more practical issues. Restructuring is such an issue.

In the meantime, let the opinions about the doctrine—rooted in good intentions—crystalize, and thus serve national security and defense.

Problems of Military Doctrine Definition

92EP0574A Warsaw POLSKA ZBROJNA (supplement)
in Polish 10-12 Jul 92 p III

[Article by Professor Leslaw Dudek: "On the Defense Doctrine of the Third Republic of Poland"]

[Text] Reflections on the military doctrine of Poland (the discreet ones refer to it as the defense doctrine by way of a euphemism because after all "we are not aggressors") have now proceeded for a while rather sluggishly, and without any special interest shown by our society, which is oppressed by still new rent increases and growing prices for gasoline, transportation, drugs, and so on. Besides, much has been done, also by the mass media, in order to make the issues of the defense system of the state and the Armed Forces repugnant to TV viewers, radio listeners, and newspaper readers by frequently reporting sensations large and small, which are tangentially related to the topic, and failing to inform them about the essence of what, after all, are vital problems for the people. It is commonly believed that a military doctrine, even if it is needed at all (since, they say, at present nobody is threatening us), should be the domain for conferences of specialists from the Ministry

of National Defense rather than a subject of public discussion because ultimately, why would a man in the street care about all of this.

Before we attempt to revise some popular views on the sphere of organizing state security, it would be feasible to define the notion of "military doctrine" in order to accept a common point of departure for further considerations. A military doctrine amounts to guidelines for preparing a country for war and conducting war which have been established by the authorized agencies of the state and are expressed through specific undertakings of a military and nonmilitary nature carried out during peacetime and war-time.

Let us take a closer look at individual components of this very terse definition.

In countries with a democratic system, the following are agencies with the jurisdiction to establish guidelines for preparing a country for war and guidelines for its conduct:

- The parliament, by way of adopting laws which, among other things, regulate services by citizens for the benefit of defense and the rights and composition of a supragovernmental agency for defense matters (which is called the Security Council, the Defense Committee, the Supreme Defense Council, and so on); by way of adopting the defense budget (including the budget of the Ministry of National Defense); by way of adopting the provisions of a military doctrine (usually general provisions), as well as by way of determining the strength of the armed forces (in some countries);
- The Committee of National Defense (or an agency with a different name) which operates within the framework of statutory authority, by way of developing a military doctrine, making recommendations to the central agencies of state administration and local self-government bodies which impose the duty to undertake measures preparing the country for war and the conduct of the war, as well as by way of monitoring the execution of the recommendations made.

It would be proper to mention here that, as a rule, in the countries of the Western sphere of civilization, the president leads the supragovernmental agency analogous to our KOK [Committee for the Defense of the State]. Agencies of this type which have very broad jurisdiction with regard to defense issues are collective bodies which are convened as the need arises; therefore, they have continuously operating executive subdivisions.

In this instance, we do not have to follow the example of others because our prewar, domestic solutions to this problem are not at all inferior to forms adopted in developed Western countries, despite the passage of several decades.

The appointment of the Committee for the Defense of the State by an executive order of the president of the Republic of Poland dated 25 October 1926 was one of the manifestations of streamlining the government of the state after the May coup. Marshal Pilsudski was the initiator of this measure: the experience of the world war, to which he continuously referred, clearly indicated that armed conflicts were no longer the internal affair of the army, that they could not be resolved without active participation by

the entire society, and that preparations for war call for systematic and organized operations by all agencies of state administration over many years.

The ultimate format of the supragovernmental agency managing the defense system of the state was established by a decree of the president, dated 12 May 1936, at a time of a growing threat from Hitler's Germany. It was called the KOR [Defense Committee of the Republic], and its proceedings were chaired by the president. Pursuant to Article 11, the general inspector of the Armed Forces became deputy chairman of the KOR, whereas the chairman of the Council of Ministers and the ministers of internal affairs, foreign affairs, military affairs, the treasury, and industry and commerce became permanent members. In addition, the chief of the General Staff, the chief of Army Administration (he had the rank of deputy minister—note by Leslaw Dudek), and deputy chiefs of the General Staff were also required to attend the proceedings but did not have a vote. Article 10 of the aforementioned decree established that "The following fall within the scope of operations of the KOR:

"a) Consideration of issues concerning the defense of the state and the establishment of guidelines for the government in this regard;

"b) Coordination of efforts to prepare the defense of the State,"

I believe that colleagues from almost 60 years ago could teach the authors of laws and resolutions now being prepared about the brevity and clarity of provisions.

Article 13 of the decree established, as the executive arm of the KOR, a secretariat affiliated with the General Staff with the rights of a department which, of course, did not report to the minister of military affairs (along with the entire General Staff) but rather to the president (in his capacity as KOR chairman) through the general inspector of the Armed Forces.

The preparation, development, and implementation of KOR decisions were among the tasks of the KOR Secretariat. Department directors in all ministries (that is, the executive echelon—note by Leslaw Dudek) were obligated to cooperate with the KOR Secretariat. The secretariat was authorized to "follow" the execution of resolutions by individual units of state administration on behalf of the KOR chairman (that is, on behalf of the president—note by Leslaw Dudek).

The Secretariat operated for just three years. However, the contribution of this institution to reinforcing the defense potential of Poland should be praised highly.

This contribution was expressed primarily in the considerable acceleration of work on the implementation of the plans of a military doctrine whose execution was beyond the potential of the Armed Forces alone; in particular, the current coordination of defense undertakings by all ministries was streamlined.

Let us consider the next element of the definition of a military doctrine provided at the beginning of this article. The nature of undertakings of a military nature has not changed since pre-war times. At present, it is likewise

necessary to adapt the organizational structure, armament, equipment, and the course of training of the Armed Forces to the requirements of the doctrine, to develop plans for mobilizing the army and plans for its movements and operational deployment in the envisaged sectors, in keeping with the assumptions of the doctrine. Reserves of material resources (weapons, materiel, motor fuels, foodstuffs, and so on) sufficient to meet the needs of fighting forces before deliveries from state reserves, current production, or imports arrive should likewise be accumulated within the structures of the Armed Forces.

However, the extent of tasks of a nonmilitary nature which are accomplished within the framework of the doctrine has increased compared to the 20 years between the wars. This is primarily the result of a much more serious threat to the civilian population in wartime, a threat which is due to the appearance of ever more sophisticated and powerful weapons of mass destruction. The scope of measures taken with a view to preparing the entire population for civil defense must be considerably (I would rather say incomparably) greater than endeavors practiced before the war in order to ensure the physical survival of the nation during a nuclear conflict (which, after all, is not ruled out for as long as thousands of nuclear warheads exist in the world).

The conditioning of defense awareness of the general populace, including, as much as the perception potential allows, that of children and school-age young people, is a basic prerequisite for carrying out the plans of civil defense. Building up the infrastructure of civil defense on a scale which provides an opportunity for the physical survival of the largest possible segment of the people is a significant task in the nonmilitary sphere. Elements of this infrastructure may turn out to be suitable, and even necessary, during various natural disasters, especially during accidents at nuclear power stations in the territories of our neighbors to the east, south, and west which, after all, are likely, given our geographic location.

Adaptation of the transportation network of the country for operations under the conditions of war and for the needs of war is yet another undertaking resulting from the assumptions of the military doctrine. Maintaining railway traffic when the grid powering electrified lines is partially or considerably damaged is an example of problems to be solved in this area.

Among other things, preparations for war mean the accumulation of the reserves of raw materials, products, and materials which are necessary to provision and supply the population (for example, with fuel), as well as to maintain the continuity of production at least at some factories.

Ultimately, preparing the state and self-government administration for operations during an armed conflict and establishing a program for the introduction of a war economy in the country (among other things, in the sectors of minerals mining, industrial and farm production, trade), as well as planning for a transition to operations in health care and education in keeping with wartime requirements, are a separate and, after all, very essential undertaking of an organizational and planning nature.

Finally, the last element of the definition which requires comment: Which measures preparing the state for war should be taken after it breaks out, and which ones in

peacetime? A general rule is in effect with regard to this issue: Whatever is possible should be done in peacetime, being aware that an armed conflict will certainly make it difficult to complete the previously envisaged steps, and sometimes make it altogether impossible.

It is time to draw conclusions.

- First, a military doctrine is a plan of the highest state importance.
- Second, implementing the intent of a military doctrine is a nationwide, long-term effort which is implemented continuously and systematically, and is kept current. The effects of meeting the provisions of the doctrine are frequently remote in time and are hard to see. Despite serving the ultimate good—the security of citizens—they are not suitable for spectacular statements by politicians.
- Third, shortcomings in building an effective defense of the state with regard to the Armed Forces are easier to see than shortcomings in the sphere of civil defense. However, the consequences of the latter may actually be more painful for our society. This is why nonmilitary tasks should be treated at the very least as seriously as the tasks of a military nature.

Small Constitution Seen as Lacking 'Vision'

92EP0611B Warsaw GAZETA WYBORCZA in Polish
4 Aug 92 p 14

[Article by Dawid Warszawski: "A Manual of Rules"]

[Text] Considering what the Sejm is like, it would be better for the president to govern. But considering what the president is like, it would be better for a cabinet chosen by the Sejm to govern. This unusually portentous institutional dilemma has crucially affected the nature of the small constitution.

In effect, a not-too-coherent and clear hybrid was devised in the attempt to separate legislative and executive powers. Trying to project the country's new system of society on the basis of this constitution would be certain to end in a disaster. The point is that the small constitution does not so much project the future as describe what already exists and how. Unfortunately.

Any constitution is the outcome of a compromise, though it happened only once in history, in the United States, that a nation was built around a compromise. Over there, however, the situation was special, because the new state organism basically was formed from the scratch and the compromise concluded was among different visions of that organism. As for the other democratic constitutions they are in general the consequences of a compromise between what exists and a vision of what—in the opinion of various political forces—should be. The Polish small constitution is a compromise between what is and what is. A vision is lacking.

But if that is how this constitutional act is to be viewed, now that it has been passed (by a bare majority of a few votes), if it is not considered as providing a vision of the foundations of a future Poland but merely serving as a manual of rules governing disputes about powers, then it accomplishes its purpose not too badly.

A solution has been found to some sensitive institutional problems due to defects in the existing constitution (the Senate-Sejm legislative stalemate, the question of staffing the "president's" ministries). In addition, based on the experience so far, the new legislation anticipates that the process of forming a government may be long and bestrewn with conflicts; hence the intricate provisions regulating the alternatives involved, in, so to speak, five acts with a dramatic epilogue.

And yet, this constitution is not just a manual of rules. Its contents and the manner in which it was passed reflect a basic truth about present-day Poland, namely, the disregard of the country's political elites toward the content of laws and toward lawmaking itself. It took half a year to pass the constitution; modern constitutions of France, Germany, and Italy took about as long. But while, for example, the Italian constitutional committee held altogether 347 meetings, deliberating twice daily, and considered more than 1,500 proposed amendments, the Sejm's constitutional committee regularly deliberated in the absence of a quorum and proposals for amendments (24 from the minority within the committee, more than 80 during the plenary debate) were in principle disregarded. Only the acceptance of a motion by Deputy Cierniewski, following the withdrawal of a similar motion by the KPN [Confederation for an Independent Poland], made it possible to revoke the binding Stalinist constitution. Had it not been for this, the 1952 Constitution would remain binding de jure (with some exceptions) to this day.

Other evident examples of sloppiness have not been eliminated.

For instance, the obligation of disclosing sources of financing, where the amendment to the law entails an encumbrance on the state budget, concerns only Senate amendments, not the Sejm ones. Likewise, the new law does not impose on the Supreme Court any time limit for considering electoral protests, which may result in a repetition of the present situation in which the composition of the Sejm may be changed even after a year. These instances can be multiplied, and this shall certainly be done by lawyers.

At the same time the impression arises that, to the parliamentarians who passed this small constitution, it is merely a provisional political compromise and not the supreme law of the land to which they too are subject. Otherwise, they would have made it more precise, and they would not have ignored the recommendations of the constitutional committee. The course of the voting has to be similarly evaluated: One party abstained from voting because its proposed amendment, which was of basic institutional importance (the abolition of the Senate), was not adopted, while two others voted against because they did not like the composition of the current governing coalition. Were politicians and public opinion to attach due importance to the small constitution, the fact that the PSL [Polish Peasant Party] and the SLD [Alliance of the Democratic Left] voted for the draft of the first constitution of the Third Republic, while the Center Accord and the Movement for the Third Republic voted against it, would cause crushing political damage to the latter two parties. But this has not happened, and hence that shall not happen.

No small constitution has been passed. Instead, a voluminous (79 articles long) manual of rules has been passed. When it will become necessary to adopt a constitution without the adjective, the work will have to be started all over again.

Summary of VAT Impact on Prices Noted

92EP0563D Warsaw RZECZPOSPOLITA
(ECONOMY AND LAW supplement) in Polish 8 Jul 92
p II

[Article by Katarzyna Jedrzejewska: "What Will VAT Change? More Expensive Bread, Cheaper Televisions"]

[Text] It is hard to say what prices will be in 1993. Calculations based on inflation this year are inadequate. It is no secret that the turnover tax rate on certain goods will change yet this year, and this will most likely affect their prices.

All changes this year (including those of 4 May) are to minimize the effects of the introduction next year of the tax on goods and services (VAT [value-added tax]), which is to replace the current turnover tax.

The effects can already be seen today. The Finance Institute performed calculations based on prices in May of this year and current turnover tax rates. But one must remember that this is a forecast. The actual effects of the introduction of the VAT may be otherwise because:

There will be changes this year in the turnover tax rate on certain goods.

After introduction of the VAT into the supply and investment cycle, the need for credit will most likely increase and this may affect the level of prices. Today the turnover tax occurs at the level of the producers of finished goods, but

turnover in supply is not taxed at all. In connection with the VAT, the producer will have to pay a tax at the time of purchase. It is true that he can later deduct it, but he will need money up front to buy raw goods, materials and services, accompanied by the tax. Therefore, the lower interest rates are, the less the impact of this factor on inflation.

The VAT allows sellers to shift to contracting parties the full consequences of the introduction of the next tax, but one must remember the demand barrier.

Certain goods (e.g., pharmaceuticals and pesticides) will temporarily enjoy a zero percent rate in domestic sales as well; this will mitigate the effects of the VAT's introduction for the short term.

Preferential tax treatment in the area of residential construction until 31 December 1995 has also been proposed. Introducing a tax of 22 percent would cause a further increase in the price of housing. Preferential treatment would be based on reducing to 7 percent the tax on several dozen basic building materials and on construction and installation labor.

In the case of items exempt from the VAT (e.g., meat, fish, milk, eggs, vegetables and fruits, medical and pharmaceutical goods), their prices will not change, provided that all the raw materials and semifinished goods used in their production have a zero percent rate. In every other case (including an instance where a variation of a temporary zero tax rate on the price of fertilizers and pesticides does not occur), prices in this group of products will rise.

In addition to the VAT, imposing an excise tax on certain good has been proposed.

One should remember that the government bill on the goods and services tax has not yet been passed by the Sejm.

Average Price Increase After Introduction of Goods and Services Tax
(Without Excise Tax)

	Average Turnover Rate (percent)	VAT Tax (percent)	Price Increase After Change (percent)
Grain products	3.6	7	3.2
Baked and milled goods	3	7	3.8
Macaroni	5	7	1.7
Potatoes, vegetables, and fruits	5.6	5.3	- 0.6
Tropical fruits	20	22	- 2.4
Meat and meat products	2.9	4	1
Fresh meat	0	exempt	0
Processed meat	5	7	1.7
Fish and fish products	5	4.4	- 0.8
Fresh and frozen fish	5	exempt	- 5
Edible fats	5	7	1.7
Dairy products and eggs	2.7	3.7	0.9
Milk and eggs	0	exempt	0
Sugar and sugar products	9.2	10.7	0.5
Chocolate and cocoa	20	22	- 2.4

Average Price Increase After Introduction of Goods and Services Tax (Continued)
(Without Excise Tax)

	Average Turnover Rate (percent)	VAT Tax (percent)	Price Increase After Change (percent)
Catering	3	22	18.3
Alcoholic beverages	25	22	- 8.5
Tobacco products	25	22	- 8.5
Fabric, clothing, and shoes	16.8	18.3	- 1.5
For adults	20	22	- 2.4
For children	5	7	1.7
Housing and furnishings	13.5	13.7	- 1.6
Energy and gas	0	22	22
Central heating and hot water	0	exempt	0
Hygiene and health care	6.8	15.4	7.6
Medical and pharmaceutical items	0	7	7
Culture, education, and recreation	5.5	14.9	8.6
Transportation media and services	12.6	18	3.1
Municipal transportation and maritime shipping	0	exempt	0
Postal services	0	exempt	0
Telecommunications	0	7	7
Services: administration, courts, banking	0	exempt	0
Services: insurance, lottery, funerals	0	exempt	0

Plan To Modify Customs Documents Detailed

92EP0573B Warsaw RYNKI ZAGRANICZNE in Polish
No 82, 9 Jul 92 pp 1-2

[Article by G.K.: "Standard Administrative Document To Be Updated Effective 1 January 1993"]

[Text] The Standard Administrative Document [SAD], which was introduced in the beginning of this year, will exist in its current, unchanged form only until the end of this year. For a while now, the GUC [Main Customs Office] has been working on the modification of this document which, as the authors believe, should simplify filling it out and bring it closer to the version which is in effect in the West.

Among other things, it is planned to use weekly revisions of currency exchange rates (at present, daily revisions are in effect which reach the borders with great delays, resulting in gigantic lines); to expand instructions for filling out and using the document; and to introduce the Polish SAD for use in international settlements.

In addition, merchandise specification C-1 will be introduced, which is based on the one used by Western countries. It will replace the SAD-BIS form in cases when highly detailed information about the merchandise is not required.

Yet another change involves combining the provisions of the SAD order and the Declaration of Customs Value into a single record containing a set of data on documentation for customs inspections in merchandise trade. The expanded order will include instructions on how to proceed in case of special customs inspections (reagents,

samples, goods transported through permanent installations). A uniform pattern for the circulation of the document in case inspections are performed by customs agents will also be provided. The mode of action will also be outlined for canceling conditional inspection and converting it to final inspection. Finally, a petition required when goods are deposited at a customs warehouse will be abolished. It will be replaced by the SAD. Besides, the SAD's for import transfers will be different from those for transit, including special transit, that is, to a customs warehouse or a duty-free area.

To make the falsification of data in the Polish SAD impossible, an opportunity is provided to demand from a declarant, in imports, a copy of the page from the SAD on which export procedures in the exporting country were entered. With regard to countries which do not use the SAD, a copy of their customs declaration will be required on which export procedures are entered.

Work is underway on ensuring the mutual recognition of SAD documents in transit and the transfer of goods between Poland, Byelarus, Russia, and Ukraine. In addition, it is planned to speed up work on joining the SAD Convention, and the transit convention which is in effect in all of Western Europe.

Privatization of Export Bank Discussed

92EP0581D Warsaw RYNKI ZAGRANICZNE
in Polish No 83, 11 Jul 92 p 3

[Interview with Krzysztof Szwarz, chairman of the Bank for Export Development, by Janusz Brzozowski; place and

date not given: "We Want To Be the Biggest Private Bank To Serve Foreign Trade in Poland"]

[Text] [Brzozowski] At the end of June the Securities Commission allowed public trading in the stock of the Export Development Bank, Inc. [BRE S.A.]. Soon it will begin to be sold. How can one become an owner of that stock?

[Szwarc] The offering, after the shares set aside for the bank employees are deducted, consists of 750,000 shares with a combined par value of 116.2 billion zlotys [Z]. They will be sold in two lots, a small one (300,000 shares) and a large one (450,000 shares). The first lot is for small investors, with the buyers purchasing a minimum of 10 shares and a maximum of 300, given a per share price of Z155,000, the smallest block of shares will cost Z1,550,000 and the largest, Z46.5 million. The stock will be on sale between 20 and 31 July.

The second lot is for large investors purchasing upward of 300 shares each. Purchase pledges along with a suitable prepayment may be deposited during 13 to 17 July at just one place: the central brokerage office of the PKO S.A. [Polish Security Bank] in Warsaw. The allocation of blocks of shares will be decided upon by the allocation committee on 3 August, after the sale of the first lot is completed.

[Brzozowski] Where can small investors buy the shares in your bank?

[Szwarc] At 80 branches of the PKO S.A. central brokerage office throughout the country. Everyone interested can by now receive a copy of our prospectus at these 80 branches as well as at the 10 branches (offices) of our bank.

When buying shares in our bank it is best to pay for them with second-issue exchangeable treasury bonds, because then a 20-percent discount applies. In this connection, let me tell you that our bank, BRE S.A., operates a brokerage office of its own, which of course it cannot use to sell its own shares. That office is particularly active in precisely trading in second-issue treasury bonds.

[Brzozowski] You of course expect the offering to be successful, don't you?

[Szwarc] I believe in the existence of a great demand for shares in this bank, which by now has earned a solid reputation. I think that persons active in foreign trade will buy substantial amounts of shares, because this is their bank. The value of the foreign transactions of our customers is steadily rising: Last year it exceeded \$1 billion. Many foreign trade agencies are using our services to clear some of their transactions.

But what pleases us most is the vigorous growth of our cooperation with private business. We believe that the privatization of our bank will attract to us still more small and medium private enterprises active in foreign trade. This cooperation will of course be due not merely to the fact that private companies prefer to deal with other private companies but above all to the quality of our services and a literally closer distance between our bank and the customers owing to an expansion of our network of branches.

[Brzozowski] The good reputation of the bank you are managing is indeed incontestable, but a no less important

factor in deciding whether to buy stock in a company is its financial performance. How well has your bank performed?

[Szwarc] The last year was not the best to us, as in the case of the entire Polish banking sector anyhow. This was due to the general condition of the Polish economy and the need to markedly expand the extent of the write-offs of doubtful loans. This reduced our profits considerably.

We have reasons to believe that the worst is over and the future looks much more promising. Our auditor (who has been auditing our balance sheets for four years) believes that we are approaching privatization with an unencumbered balance sheet and sufficient fund reserves to offset losses due to bad loans and guarantees.

[Brzozowski] Do any international norms exist in that field?

[Szwarc] Although the NBP [National Bank of Poland, the central bank] has not yet issued any recommendations on this matter our bank has been following World Bank recommendations for insured write-offs of doubtful or relatively uncollectible credits. Toward the end of 1991 insured loans accounted for 11.7 percent of the value of our loan portfolio, with doubtful and relatively uncollectible credits accounting for 24.2 percent of that portfolio.

[Brzozowski] Are there also other means of protection against such risks?

[Szwarc] Our bank has a diversified stock portfolio. The concentration of risk on any single customers is in principle no bigger than 15 percent of the bank's capital stock. Likewise, the concentration of loans on any single sector of the economy does not exceed 20 percent of the assets liable for risk.

Moreover, it should be borne in mind that about 70 percent of our bank's assets is in foreign exchange and therefore protected against the risk of devaluation of the zloty. Similarly, our active dealing room on the international market serves to protect against shifts in currency exchange rates by maintaining positions in foreign exchange corresponding to the basket of currencies serving as the basis for determining the exchange rate of the zloty.

To return to the question of privatization, it is worth noting that it represents a different kind of challenge to the Council and Board of Governors of the Bank for Export Development, Inc. For example, the policy on the "dividend" [tax on assets payable by state enterprises to the state budget] would have to change. In recent years we have been paying a "dividend" of some 20 percent of our profits. A company which is quoted on the stock exchange cannot afford such a luxury.

[Brzozowski] That public offering of shares in your bank was not the originally planned form of privatizing it. Could you explain which precisely this form was selected?

[Szwarc] The privatization of our bank has indeed been taking a long time. At first our idea was to sell a block of minority shares to some active investor from a foreign banking sector. However, this plan proved to be too ambitious, because Western banks were not interested in minority holdings in the banking institutions already existing in Poland. That is simply because they have better and safer alternatives, e.g., in the form of establishing their own banks with a minimum capital stock of US\$6 million

in our country. The latest such example may be the International Bank in Poland [IBP], established jointly by four foreign institutions (International Financial Corporation, ABN-AMRO Bank [General Bank of the Netherlands-Amsterdam/Rotterdam Bank], Banca Commerciale Italiana, and Credit Lyonnais) and two Polish banks (Wielkopolski Bank Kredytowy and Bank Rozwoju Eksportu, S.A. [Bank for Export Development, Inc.]).

In such a situation, wishing to privatize our bank, we had to make a public stock offering.

[Brzozowski] What will be your bank's ownership structure after its privatization is completed?

[Szwarc] Once the shares are sold, the following system will arise: The Ministry of Foreign Economic Cooperation will own 13.5 percent of the bank's capital; new buyers, 47.5 percent (including 10 percent for the employees of the Bank for Export Development, Inc.); Bank Handlowy [Bank of Commerce] in Warsaw, 40 percent; Bank Gospodarki Żywnościowej [Bank of the Food Industry], three percent; PKO S.A., three percent; and 450 state, cooperative, and private enterprises and institutions, 29 percent. Since private businesses account for a 3.5 percent share in that last-named 29 percent, it can be said that, after the offering of stock in our bank is completely sold out, BRE S.A. will become a bank with the majority of shares (51 percent) held by private capital.

[Brzozowski] Will the privatization affects the directions of the bank's activity?

[Szwarc] No. BRE S.A. will continue to focus on servicing foreign trade. This is our statutory obligation, and the fact that the minister of foreign economic cooperation chairs the bank's council guarantees the continuation of this direction of activity. Besides, our aim is to be the biggest Polish private bank serving foreign trade.

Other services provided by our bank include credits, especially so-called trade financing [preceding words in English], that is, short-term financing of foreign trade transactions, chiefly by means of deferred-payment letters of credit. At present we are benefiting from special terms for such credit at many banks of the developed countries. These possibilities remain relatively unutilized, however, and many Polish companies continue making payments by means of traditional transfers of funds, thus incurring an additional risk which could be avoided by resorting to letters of credit.

In addition, our bank is participating in long-term financing of investments on availing itself of foreign lines of credit for private businesses. These credits are granted by the International Financial Corporation and the European Investment Bank. It also is worth noting that, once we complete the operation of selling our stock, we shall become the biggest Polish private bank to be accepted by Hermes, COFACE [Committee of Family Organizations in the European Community], Eximbank, and many other insurance institutions of the developed countries.

A significant role in our activities is played by handling certain barter deals (e.g., natural gas in return for Polish food) on the Eastern market. We also operate our own leasing organization, BRE Services, and a brokerage office, BRE-Brokers.

[Brzozowski] In banking a highly important growth factor is equipment. What has your bank accomplished in that respect?

[Szwarc] In this office building (the "Blue" skyscraper on Bankowy Square in Warsaw) there is a computer logic network developed by the Gandalf Company. By means of a central machine, the so-called Starmaster, it links any kind of computer with any software to the central vax in which we are installing the IBS-90 Winter Partners integrated banking software.

The implementation of this software, which we are carrying out with the assistance of TCA [expansion unknown], a British consulting company, will be completed in the late fall of this year. We are planning to link our branches through a Telebank on-line system network. This means that, say, funds deposited in our Lublin branch can be simultaneously credited to the customer's main account in all the other branches of our bank. This system will be more advanced by a couple of years than the planned electronic interbank system in Poland.

Let me also point out that our bank was the first bank in Poland to install SWIFT 2 for electronic fund transfers abroad. According to the Rothschild Investment Bank [as published], BRE S.A. is the most Western bank in Poland so far as risk management techniques are concerned. For example, we operate credit committees, assets and liabilities committees, information science committees, and internal monitoring committees.

[Brzozowski] Thank you for the interview.

State-Owned Enterprise Privatization Inventory *92EP0602A Warsaw GAZETA WYBORCZA in Polish* 24 July 92 p 7

[Unattributed article: "Privatization Inventory"]

[Text] Privatization has already been initiated in one-fifth of the state enterprises, but has been concluded in only four cases. The liquidation of enterprises is going well, but their sale is significantly slower. Real acceleration will be possible when a program of universal privatization is in place.

Of the 1,669 enterprises in which reorganization was initiated, 541 are large companies employing more than 500 individuals. The greatest number of companies that have started privatization are in the Katowice and Warsaw Voivodships and the smallest number (only five) in the Sieradz and Zamosc Voivodships.

Liquidation

Liquidation, applicable mainly to small and middle-sized enterprises, is the most efficient road to privatization. Recently there have been fewer applications for liquidation than there were at the end of 1991. Nevertheless, the number of liquidated companies is increasing due to the lethal financial situation. Of 1,217 companies involved in liquidation, 690 are bankrupt.

After liquidation, an enterprise ceases to exist and its property (buildings, for example) may be sold to the workers or to an active investor, auctioned piecemeal or leased. This is what happened to 314 companies in which

privatization has been completed which have been removed from the commercial register.

Large Companies

Large companies are privatized most frequently by the so-called capital method, in a public offering or through sale of shares to a joint-stock company of selected investors. Thus far, this method has contributed most to the budget, 2.4 trillion zlotys [Z], including Z800 million during the last half year.

The first stage of capital privatization is commercialization or converting the company into a single-entity partnership of the state treasury. Negotiations with investors and sale of shares takes place subsequently.

Commercialization of a company proceeds efficiently to a degree—at present 348 partnerships grouped into 16 sectors are ready for further stages of conversion. Sales themselves are proceeding very slowly. Since the institution of the privatization department, it has sold 36 partnerships, including seven in the last half year.

Most Recent Sales

- Mostostal-Export: 41 percent of shares sold in a public offering, 40 percent, to a group of German financiers (for Z58.5 billion) and 19 percent to the management and workers of the partnership.
- ELTA: 51 percent of the shares were purchased for \$10.4 million by the Swedish-Swiss ABB energy concern, which, among other things, pledged to invest

\$13 million in the company.

- CETECH, a spinning machine tube factory, was sold for Z2.5 billion. The Polish buyer will invest Z13 billion in the company.
- The Pomeranian Furniture Factory: 80 percent of the shares were purchased by Karl-Heinz Klose, a German company, for 3.8 million German marks [DM] which will invest DM10 million during the next five years.
- A Polish investor bought 51 percent of the shares of Prefabet-Lisow for Z15.35 billion.
- The TEL-EKO electronics factory, which was in debt, was sold for Z160,000 (!). The buyer, a private entrepreneur from Wroclaw will invest Z5 billion and pay off the debts.
- AMINO, the Poznan producer of food concentrates: 80 percent of the shares were sold to CPC International, an American company, for \$8 million. The new owner will invest \$17 million in the factory.

Negotiations are proceeding for 72 companies (in advanced stages in 19 of these cases).

Only universal privatization or simultaneous conversion of several hundred large enterprises can accelerate progress. A program, finalized to the ultimate degree will shortly find its way to the Sejm and almost 200 companies qualified to participate in it have already been commercialized.

Deputy Commander Divjak on Serbs in Sarajevo

92BA1327C Belgrade BORBA in Serbo-Croatian

4 Aug 92 p 11

[Article including interview with Colonel Jovo Divjak, deputy commander of the Armed Forces of Bosnia-Herzegovina, by Ejub Stitkovac; place and date not given: "A Belgrader From Sarajevo"]

[Text] "At the top level of government in B-H [Bosnia-Herzegovina]—from politics and the economy to culture—there are a considerable number of persons of Serbian nationality, so there is no reason for surprise that a Serb should have an important function in the B-H Armed Forces. Our position in the main staff is that full parity of the nationalities must be ensured in the important posts, because it is not possible to be the aggressor unless Serbs and Croats and Muslims take part in the fight. In other words, there is no victory with a monoethnic army. Thus, we have agreed that there would be three Croats, three Muslims, and three Serbs in the nine most important posts in the Armed Forces," we were told in an interview for BORBA by Colonel Jovo Divjak, deputy commander of the Armed Forces of B-H (previously Territorial Defense [TO]).

The subject of our interview, who incidentally was born in Belgrade, has no dilemma about going or staying. He has become one of the most visible media personalities. In Sarajevo, they have even made a documentary film about him, and he was proclaimed person of the week in one of the issues of THE NEW YORK TIMES. The question of how a Serbian officer ended up on that side is constantly spinning through all of that:

"I remained in B-H on the side of the defenders, because the JNA [Yugoslav People's Army] took one side when it turned over all its armament as a favor to the extremists of the SDS [Serbian Democratic Party]. I have lived for 26 years in Sarajevo and Mostar in very close and human relations with citizens of all nationalities, and in that time I have never experienced any unpleasantness. I also remained because one of my sisters-in-law is a Croat and the other a Muslim, because I have experienced my happiest moments in an apartment that has only 66 square meters of area, I did not have a car or a weekend cottage, but I have been and am my own man and I am respected by people. So where is that kind of citizen of B-H, who happens to be a Serb, and which side should he take?"

Double Fear

[Stitkovac] Regardless of what you have said, recently the topic of the security of Serbs in Sarajevo has been an increasingly relevant one.

[Divjak] It is very difficult to give a direct answer to that question, because there are many levels to it. That is, because of the proven evidence of fifth column activity, there is quite a bit of suspicion by the extremist segment of Muslims toward citizens of Serbian nationality. Immediately after the aggression against the city of Sarajevo there were searches of some of the dwellings that Serbs had abandoned, and sizable quantities of weapons and ammunition were found in them. Military articles have been

found in the possession of a segment of the population of Serbian nationality who have remained in Sarajevo, and this has intensified suspicion of the Serbian nationality by armed groups that are not under the command of TO, that is, the Armed Forces.

[Stitkovac] A sizable number of Serbs has remained, as we might put it, uncommitted....

[Divjak] In the initial period of the war, some of the Serbs in Sarajevo remained outside the armed conflict because of a double fear: fear of revenge by SDS terrorists and fear of revenge by extremist Muslims because of the genocide committed against the Muslim people in the Drina Valley—Foca, Zvornik, Visegrad, and other areas, carried out by SDS extremists. This kind of behavior widened the gap still more between Serbs loyal to the Republic of B-H and some of the Muslims who see this behavior of the Serbs as "support for the Chetniks."

[Stitkovac] Has there been mistreatment of Serbs in Sarajevo, and to what extent are they included in the B-H Armed Forces?

[Divjak] In the almost four months of war in Sarajevo, there have been examples of improper behavior, including even mistreatment of Serbs by certain groups and independent "snipers" who have taken the role of both prosecutor and judge. There have been examples of moving into apartments by force, of seizing and stealing property of citizens of Serbian nationality, dismissals from employment, and so forth.

Over the last month and a half, there has been organized inclusion of Serbs in armed combat, and also a strengthening of the trust of Muslims in their fellow citizens of Serbian nationality.

The main staff of the B-H Armed Forces has a clear position on the question of involvement of Serbs in armed combat. The right to life, peace, and freedom constitutes the foundation of human rights in the republic. Patriotic forces that favor a sovereign and independent B-H, a community life, and ethnic equality of Muslims, Serbs, Croats, and members of other nationalities and ethnic minorities are participating in the joint multiethnic front.

Formations Out of Control

[Stitkovac] A decree of the B-H Presidency (14 May 1992) officially formed the Armed Forces of the Republic and actually created the army. Has that formation been rounded out?

[Divjak] That decree regulated organization of the Armed Forces as the joint armed forces of all citizens and nationalities of the republic—Muslims, Serbs, Croats, and members of other nationalities and ethnic minorities living in it. The supreme body for direction and command of that army is the Presidency of the Republic, which on 26 June 1992 proclaimed a state of war in view of the fact that aggression had been committed against B-H by the Republics of Serbia and Montenegro, by the Yugoslav Army, and by terrorists of the SDS, and that fact of aggression has been established by the UN Security Council in Resolution 752.

The declaration of war empowered the B-H Armed Forces to take the steps necessary to organize nationwide resistance. That rounded out legislatively the organization of the Armed Forces of the Republic of B-H. It is, of course, unrealistic to expect that a firm organization and structure of the Armed Forces has been formed in these wartime

days. Over most of the territory of the republic, the Armed Forces are persistently performing the tasks assigned them, and there are still armed segments that have not become part of the Armed Forces and are not under our control. However, steps have been taken in an organized way so that all armed units unify under a single command.

Foreign Takeover of Enterprises Feared

92BA1309A Ljubljana DELO in Slovene 1 Aug 92 p 19

[Article by Silva Ceh: "In a Net of Fears, Hopes, and Possibly Intrigues"]

[Text] *Last Saturday the Italian company Saffa became the majority, 76-percent owner of the Kolicveo paper factory; at the beginning of July Austria's Duropack bought the Brestanica TES [expansion not given], the former Vidma Krsko enterprise; for some time now the majority owner at the Vevce paper factory has been Brigl Bergmeister from Austria; Maribor's Zlatorog is in the hands of the German Henkel; Tobacna is owned by Hamburg's Reemtsma; Novo Mesto's IMV [motor vehicle plant] is in the hands of France's Renault....*

One should thus not be surprised at questions about whether the Slovene paper industry is gradually becoming entirely in the hands of the Austrians and Italians. Also, on one hand Slovenia has recently been overcome by a fear of a flood of German and Italian capital in particular, and, on the other hand, a fear that we are still too closed to foreign investments. At a time when we still do not have privatization legislation, but at the same time we are witnessing the accelerated quiet privatization of Slovene socialized enterprises, questions about how and to what extent foreign owners of capital are "privatizing" our enterprises are certainly appropriate. Are the answers that we really do need a national strategy toward foreign capital and that we will also get one sufficient? The fact is that this strategy is emerging just as slowly as the other key economic legislation.

A year and a half ago, Matija Rojec of the International Center for Cooperation and Development called the lack of a strategy a "wait-and-see strategy." Today he says, "It is most stupid because now some enterprise decides on a foreign owner or joint owner, and no one knows whether it is in our (real) interest or not...."

Open-Door Strategy

Deputy Slovene Foreign Minister Vojka Ravbar confirms that Slovenia needs a basic strategy toward foreign capital. The strategy, which should be ready in the fall, should actually confirm the present orientation—opening up possibilities for as much capital as possible to come to as many sectors as possible in Slovenia. Only sensitive areas, where Slovenia wants to have control—control and not prevention, Ravbar emphasizes—are to be less accessible to foreign investors. These are activities such as defense, elementary education, telecommunications, public information, and gambling casinos. In the emerging strategy, there are also no restrictions in the traditional production sector—quite the contrary. According to Ravbar, "We are seeking ways to encourage the arrival of foreign investors, since if we are not interesting enough the capital will bypass us and go where it will have better conditions."

Why are enterprises from Italy and Austria in particular, as well as Germany, the most frequent foreign investors? There are several answers. Even before now, it is precisely with entrepreneurs from the Italian and German areas that the most coproduction cooperation has been established. According to Uros Korze, director of the Development Fund, in most cases it is a question of replacing the

previous joint-venture relationships with ownership ones. And Ravbar? She explains that this is also associated with country risk. Those who already have experience know where to invest their capital. Furthermore, it was precisely the Germans, Italians, and Austrians who approved the first insurance for export credits after independence. In Ravbar's opinion this is very important, since these institutions thus showed that their banking system had confidence in the state (i.e., Slovenia). This confidence is then followed by investors. The French, Swiss, and English insurance institutions, for example, are much more hesitant and cautious.

Particularly important for the success of foreign investments, in Korze's opinion, is our attitude toward foreign investors, and especially the stability of legislation. This is also pointed out by Prof. Marjan Senjur of the Ljubljana Economic School. He does not believe in a flood of foreign capital into Slovenia. In his opinion, foreigners are still afraid of the risks associated with the closeness of the war. We also have an unstable economy and unclear property relationships, we do not have legislation on enterprises, and we have a poorly functioning law-governed state. Those things could already have compensated for the state's missing strategy toward foreign investments. Senjur, however, is completely justified in being skeptical—he doubts that the government will soon be able to persuade parliament how important this legislation is for foreign capital.

And we are thus—is it surprising?—caught in a net of our own fears and hopes, and possibly also mistakes and intrigues. Republic deputy Dr. Peter Glavic (LDS [Liberal Democratic Party]) even submitted a deputy's question on 16 July about whether there really was a list of 300 Slovene enterprises that were supposed to be on sale to foreign capital. So far he has not yet received an answer. At least Ravbar, and also Korze, do not know anything about the list, which is supposed to have been "seen" at UNIDO in Vienna, according to Glavic. At any rate, Glavic is convinced that as a rule, foreign investors seize a majority share with the smallest possible investment of capital; that they hurry to dismiss workers, whom they thus burden the state with and put in lower pay categories; and that they destroy profits when they import at higher prices through their enterprises abroad and export at lower prices....

The Slovene Chamber of Commerce already prepared its own view of foreign investments some time ago. To put it simply, it divided enterprises (theoretically) into those to which foreign capital should have free access, those into which it should be guided, and finally those where it should be prohibited. Everyday life, however, is writing its own stories. The Slovene banking world is a sufficiently obvious example.

Is Slovene Finance Disappearing?

Senjur says that money does not stink, and that consequently, at least from the economic point of view, our fears of foreign capital—if we have decided on a market economy—are unnecessary. Nevertheless, "I agree with those who say that it would be beneficial if there were foreign capital from different states. One state can soon take over the entire banking field in Slovenia. It would be particularly beneficial to establish competition in the banking

field." Or, as Emil M. Pintar says, "The problem is that we have brought investment banks into Slovenia that would invest in the Slovene economy; instead we brought in savings banks that opened bank windows, banks that consequently do not invest anything in Slovenia and instead draw money out of it and send it abroad."

It would harm the country, as assessed in an allegory by Stane Valant, executive assistant to the general director for Treasury [word unclear] and investment banking at LB [Ljubljana Bank], to allow someone who is trained for the Olympic games to come to local competitions and take all the prizes. Valant is convinced that Slovenes should keep finances and banking for themselves. This does not mean that Slovene banks are trying to get rid of foreign competition. It should be attracted through bids, however, which should be used to select the best ones—according to Valant, those who will finance our economy, and not those who are only collecting deposits and are not getting involved in commercial banking and the financing of the economy because they do not want to take a risk.

The TES Example

Among other things, LB has recently upset people through the sale of the Brešanica TES. LB is taking over enterprises and then selling them to foreigners, the commentaries read. E.M. Pintar even said that in a way LB confiscated the TES.... And Valant? "We will have to get used to having creditors take over enterprises after the debtors cannot repay their obligations." LB took over the TES after Videm Krsko could not settle its obligations otherwise. At the beginning of this month it sold it to the highest bidder, i.e., the Austrian enterprise Duropack. In Valant's opinion, the same thing also happened in the case of the sale of the Vevce paper factory. In Vevce, it was necessary to decide between two possibilities: to invite in someone who had a market, who was capable of preserving the enterprise, people's employment, and the state's taxes, or putting the enterprise into bankruptcy.

That is how the banks view the matter. Others, like Pintar, for example, are wondering: Are we threatened by an Austrian monopoly over the Slovene paper industry? If the Austrians take over three or four such enterprises, then they can virtually control the entire paper industry in Slovenia.... Or, according to Darko Bizjak, director of Rogaska: "Let us say that the competition buys 51 percent of an enterprise; then it starts to take steps that bring it to its knees, so that in the end it has to be eliminated. It is therefore of vital importance that we Slovenes preserve the possibility of a majority, especially in those enterprises that are very promising...."

In a few years, who will be responsible for the fact that something that was crucially important to Slovenia passed into foreign hands, because of a conjunction of circumstances? Things are happening, even though there is no planned policy. Individual decisions are being made, each of which is perhaps normal on its own, but when we see the whole we will perhaps find out that we did not imagine certain things that way. That is what Pintar thinks; he is not afraid that foreigners will loot our enterprises, to be sure, but he is afraid that they will acquire key positions in little Slovenia. Bizjak thinks the same thing. These days Rogaska is concluding the signing of a contract for a mixed

enterprise with an Italian partner, Di Vinzenso from Pescara. The Italians will have a 30-percent share in the investment, the construction of a hotel in Rogaska. Otherwise, Bizjak is convinced that with the capital that we can create ourselves in Slovenia, we will not be able to climb out of the crisis, much less start to catch up with the developed world. "Foreign capital has to be sought boldly, but that does not mean without any criteria."

The Figures Are Not Completely Reliable

From the figures on registered foreign investments in Slovenia, which we are summarizing according to a table from the International Center for Development and Cooperation, the criteria are not recognizable. From 1985, when there were 35 foreign investments in Slovene enterprises, up until and including 1991, a total of 1,296 were accumulated here. It was particularly lively in 1990, when 616 foreign investments came to Slovenia, which gave rise to 443 mixed enterprises, 88 contractual joint venture enterprises, and 85 wholly owned foreign enterprises. Last year there were 462 foreign investments here. Mixed enterprises were in first place again, with 114 of them. Wholly owned foreign enterprises came quite close to them, since 88 of them were registered, whereas there was a considerable decrease in the number of contractual joint venture enterprises, of which there were only 21. The figures, particularly for last year, are not 100-percent reliable, since the Center for International Cooperation and Development and the Foreign Ministry have not yet finished coordinating them after ties were broken off with the former Federal Secretariat for Foreign Economic Relations. The total amount of capital invested in Slovenia should thus also be taken with a certain amount of reservations. From 1985 until the end of 1991, 1,307 billion German marks were accumulated, the bulk of it—approximately 500 million marks each—the year before last and last year. According to Nives Marinsek of the Slovene Foreign Ministry, between 8 October 1991 and 28 August 1992 the ministry issued 1,452 permits, including 561 for establishing foreigners' wholly owned enterprises, 707 for enterprises with mixed ownership, and 184 for contractual investment (joint ventures). In 429 cases the ministry exempted foreign investors who had invested equipment from paying customs duties.

For the time being, the criteria are specified by the old Yugoslav law on foreign investments from 1989. Foreign investors can establish a mixed enterprise together with a Slovene enterprise, they can provide additional capital to our enterprises, or they can purchase them completely. They do not have any access to the defense industry, railroad and air transportation, communications and telecommunications, publishing, and the mass media. The Slovene Foreign Ministry is keeping records on all contracts concluded, and is primarily making sure that they are in accordance with the constitution and the laws. Foreigners cannot become owners of Slovene land. That is specified by the Slovene constitution. According to the constitutional law, they also cannot become the owners of real estate. Even when we talk about an enterprise that is wholly owned by a foreigner, it is an enterprise subject to our law, i.e., it has to behave in accordance with Slovene laws, Ravbar emphasizes.

The Decisions Are in the Hands of the Enterprises

It is hard to determine where and to what extent foreign capital has established itself in Slovene enterprises. The Slovene Agency for Privatization does issue permits, but according to Korze, it only does so for socialized enterprises that decide on joint investments or additional capitalization. So far, "Korze's fund," as a representative of the owner, has signed two sales agreements: Last year it "sold" Tobacna Ljubljana, and last Saturday, the Kolicervo paper factory. The agency did not issue a permit for the contract between Istra Benz and OMV. Korze, however, emphasizes that the agency and the fund do not create these transactions. An enterprise decides for itself and concludes agreements on investment projects and sales. And what does Ravbar say? "Where socialized property is concerned, the agency is involved...."

Along with the strategy that we can reportedly expect in the fall, Slovenia is also to get a special office for foreign investments at the Slovene Foreign Ministry. As Ravbar

explains, it is to be a sort of advisory body, but at the same time also a place where foreigners will be provided information and assisted in establishing contacts with domestic enterprises. Above all, Ravcar reiterates, "with this strategy we want to confirm Slovenia's orientation of openness to the world."

At any rate, in conclusion let us stop with the views of Dr. Marko Kos and Dr. Aleksandar Bajt on the presence of foreign capital in Slovenia. They have similar views that suitably supported Slovene management and capital can best defend the Slovene economy from foreign capital. Kos would therefore distribute as many free shares as possible; Bajt, however, claims that no-cost privatization is a self-deception, since entrepreneurs do not emerge through it....

It is unnecessary to emphasize the fact that Slovenes, thanks to their party leaders, are deeply divided over the privatization laws. If domestic disagreements are exploited by foreigners, it will be necessary to point a finger, and something else, at parliament.

Serbian Minister for Human Rights Interviewed

92BA1327B Belgrade BORBA in Serbo-Croatian
5 Aug 92 p 7

[Article including interview with Dr. Momcilo Grubac, minister for human rights and rights of minorities, by Dragisa Stankovic; place and date not given: "Citizen in Unusual Times"]

[Text] Milan Panic, federal prime minister, has stuck to the commitments in his program and has kept his promise. In resolving the Yugoslav crisis, he has given priority to civil rights and liberties and ethnic equality. For the first time in the more recent history of Yugoslavia, the Ministry for Human Rights and Rights of Ethnic Minorities has been formed, and Dr. Momcilo Grubac, distinguished professor and scientist, has been named the first minister.

There have not been very many such ministries in the practice of European parliamentarianism. It is not hard to explain why it has been formed at this particular moment and at the level of the federation. As a state structure, Yugoslavia arose and has been built on the idea of a community of equal nationalities and ethnic minorities, on full respect for the rights of national minorities and ethnic groups, on civil rights and liberties. This was the cornerstone of survival, but also the cause of the disintegration of the first two Yugoslavias, and a condition for the present Federal Republic of Yugoslavia to gain legitimacy. To be sure, it is not an isolated example. Great social tensions, crises, and wars have been caused over recognition and protection of those rights, and new states are disintegrating and being recognized. It is obvious that Yugoslavia is not immune to that either.

"That is our reality, our unavoidable destiny, because we are part of the world community. Life has unfortunately denied rather severely our illusions about 'brotherhood and unity,' that by adopting generally acceptable principles and international standards we had permanently resolved the issues of civil rights, the rights of ethnic minorities, and integrated them into the state community," Dr. M. Grubac said.

"We thought, and many believe it even today, that in the previous Yugoslavia we had solved all the problems of the exercise of those rights, which are a current issue in the world even today. To be sure, that state did guarantee some security. We had what appeared to be a settled situation, but in actuality, especially in the domain of political rights, this was ornamental, a kind of ornamentation rather than democracy. For that reason, and also because of everything that has happened in Europe and in this region, the decadence of civil rights and rights of minorities might have been expected, indeed, could hardly have been avoided, because we had and still have a low level of democracy."

Devaluation of the Rights of the Individual

[Stankovic] How would you evaluate the present state of interethnic relations and civil rights and liberties in Yugoslavia?

[Grubac] Beyond doubt it is burdened with many difficulties, and it itself is burdening the overall political and

social atmosphere. We find ourselves in a difficult situation that arose with the disintegration of the federation, and any disintegration of a state challenges and lowers the level of human rights and liberties.

I think that not only in Yugoslavia, but on the territory of the former federation, they have fallen below the standard of the highly developed and stable democratic systems. The decline in the protection of general human rights caused disruptions of the equilibrium in interethnic relations and brought to the foreground the rights of national collectivities and ethnic groups. When there is a devaluation of general civil rights of individuals, the ranks close up in the communities where they live. That is exactly what happened with us, and thus collective rights are now emphasized more than individual rights.

[Stankovic] Can it be concluded that the demands of the international community and of ethnic groupings in Yugoslavia are well-founded?

[Grubac] Yugoslavia is truly living in unusual times. War is being waged near its borders. At the moment, about two million people have left their homes. This has turned attention to other problems, and that accounts for our attention and efforts to find instruments that will really protect civil rights and liberties and the rights and liberties of ethnic minorities that have been weakened. That does not justify it, but the problem can be explained. Yugoslavia is a signatory of all the documents of the international community in this area, and so people rightly expect us to respect the obligations we have assumed.

As for the domestic demands, in my opinion, some are well-founded, some are radical and unacceptable. The problem is that this area has been fiercely politicized in the recent past and excessively radicalized for that reason. The demands for stronger minority protection are certainly well-founded, but those demands must have their limits. They make complete sense in the area of culture, education, the use and nurturing of language, etc. But demands to set up a state on the basis of belonging to a community go beyond what is considered the standard in this area. It goes beyond the natural rights to which ethnic minorities are entitled. Political appetites and desires become mixed up with real and objectively justified demands to enjoy ethnic rights. Until we separate those two, we will have quite a few difficulties. Today, the idea of separatism, the idea of creating respective nation-states, and so on, is being advanced under the cover of the struggle for ethnic rights. Those ideas, those ambitions, and those desires have nothing to do with the rights of the particular ethnic minority.

[Stankovic] On Monday, you and Prime Minister M. Panic talked with the mission from the CSCE. What was their basic demand?

[Grubac] Within the framework of questions about the intentions and policy of the government and ministry in resolving the problem of minorities in Serbia, the discussion centered particularly on solving the problem of Albanians in Kosovo. They proposed that the CSCE mediate talks between representatives of the republic government and the Albanians. Prime Minister Milan Panic did not agree to that, rightly so I think. The attempt should be made to resolve the problem "inside the house," with all

due mutual respect. That solution, of course, presupposes that both sides are willing to talk to one another. We hope that that dialogue will occur. We are ready for that dialogue, and we expect that the political structures and leaders of the Albanian people will see the inevitability of this and will display a readiness for dialogue.

Government Entities To Provide Protection

[Stankovic] What is the essence of the policy of your ministry, and what are its priority tasks?

[Grubac] Sudden and spectacular moves are not possible in this area, nor does establishing a ministry create all the prerequisites for more effective protection of human rights and the rights of ethnic minorities. In general, the ministry will try to initiate elimination and lessening of tension in interethnic relations by acceptable means.

Among the priority tasks, in cooperation with the Ministry of Justice and other federal and republic authorities, is the taking of measures to guarantee the personal safety and protection of the property of citizens wherever they have been jeopardized, especially when this occurs on an ethnic basis. Forcing citizens to move away, or "ethnic cleansing," is certainly the most serious form of this threat, and so the ministry, within the limits of its competence, will initiate action to halt that process and take legal steps against those who do it and encourage it.

We are also proposing adoption of the Code on Rights of Ethnic Minorities, which would unify and standardize statutes in this area, because essential differences are arising in them, not only in approach and interpretation, but also in their application. Some republic statutes have not been brought into conformity with the federal Constitution. In the upcoming constitutional amendments, we will initiate formation of republic ministries for these affairs.

[Stankovic] Will that guarantee protection of those rights?

[Grubac] Provided all the system's bodies and institutions, including those political entities, operate effectively, and assuming that an effective law-governed state is created, then a major step forward might be taken in this area. Unless that is achieved, the protective instruments, however well-developed they might be, will be ineffective, will be a kind of screen to conceal reality and the violation of those rights and freedoms.

In the very near future, I will be advocating, and we will propose this to the government and Assembly, that specific government entities be formed to protect human rights at the federal and republic level; within the limits of their powers, they would be absolutely self-sufficient and independent, similar to the Swedish ombudsman. This is actually an individual (with a team of experts) whose orders and decisions are binding on everyone, including the government itself. We will probably be taking that initiative in the upcoming constitutional amendments.

[Stankovic] Do you think that progress can be made rapidly in improving interethnic relations after everything that has happened?

[Grubac] I am an optimist, and the very reason why I accepted Mr. Panic's invitation is that by his optimism

and resoluteness the prime minister removed even that little pessimism which I had.

I think this can be achieved with patient and well-conceived actions. Changes in society are indispensable. Trust and integration and general loyalty, not only of the national and ethnic communities, but also of the citizens of Yugoslavia, to their state is possible only if it offers indubitable evidence that it will change in the direction of creating a democratic law-governed state in which every citizen will be valued and in which he will have government protection of all his rights and freedoms, regardless of the nationality, social stratum, political orientation, ideology, or party to which he belongs.

[Box, p 7]

Reciprocity and "Positive Discrimination"

I think that reciprocity in recognition of the rights of ethnic minorities can solve that problem. The ethnic cleansing of territory is actually the consequence of that outlook. This aggravates problems still further, rather than solving them. Democratic rules and the generally accepted principles and experiences of other countries show that a democratic community cannot be created by the state by looking "over the fence." A democratic community can be achieved by applying the principle of reciprocity, especially if we eliminate certain rights of certain collectivities solely because someone does not grant our fellow countrymen the same rights in another state. Our Constitution does not recognize first- and second-class citizens, so that application of that principle would be unconstitutional.

On the contrary, this area requires application of the "principle of positive discrimination," which guarantees protection of people in a minority position regardless of the basis that places them in that position—religious, ethnic, or some other. Such groups should be given additional protection, and that is the only discrimination that would be permitted in this area.

Had we been guided by that principle, things with tragic consequences would not have occurred, and I include here the conflicts that resulted in war and also the grave consequences which at one time the majority committed against the minority in Kosovo.

There are other instruments for the struggle to achieve the ethnic rights of Serbs and Montenegrins who live outside the borders of Yugoslavia. That will be one of the priority issues in the program of the government and the ministry, especially in the context of formation of the new states on the soil of the former Yugoslavia.

[Box, p 7]

Under Secretaries

Minister Grubac is supposed to propose to Prime Minister Panic the appointment of a deputy and three under secretaries for the next meeting.

He affirmed in the interview for BORBA that the under secretaries will come from the ranks of the three largest groupings of ethnic minorities in Serbia: the Albanian, the Hungarian, and the Muslim. Mahmut Memic, people's deputy in the Serbian Assembly from Novi Pazar, and Joza

Laslo, lawyer from Subotica, are being mentioned as candidates. No candidate has yet been determined from the ranks of the Albanians.

[Box, p 7]

The Minister's Personal Identity Card

Dr. Momcilo Grubac was born in 1940. He graduated from the law school in Novi Sad, took his master's degree in Belgrade, and obtained his doctorate in 1973 at the law school in Ljubljana. He is a full professor at Novi Sad University, where he teaches criminal trial law. He has been dean and department head in the law school in Novi Sad. Among other things, he is a member of the International Association for Criminal Law and has written extensively in this field. He was elected people's deputy in the Serbian Assembly on the slate of the Reform Democratic Party of Vojvodina. He says himself that his membership in the party has been "frozen."

[Box, p 7]

Laws Against Civil Liberties

"As a deputy, but also as a citizen—not as a minister—I feel that the laws of the Republic of Serbia recently adopted on public peace and order, public assembly, the public enterprise Politika, as well as the bill on the university being debated in the Assembly do not sufficiently respect civil rights and freedoms, and they are not altogether in keeping with the principles of a law-governed and democratic state. I think it is a good thing that the president of the republic has accepted the opinion of the Constitutional Court that the law adopted on Politika contains unconstitutional provisions and that he did not sign the enactment to promulgate it. The opposition deputies had been pointing that out, but the republic government unfortunately did not accept that. They cannot be driven by force, not even by a government which possesses that force. In a law-governed state, laws are defended by the force of argument, because it is only in this way that their respect can be guaranteed."

Novi Sad Reporter Denounces Antimedia Measures

92BA1284A Novi Sad MAGYAR SZO in Hungarian
26 Jul 92 p 7

[Article including interview with Laszlo Toth, Novi Sad Television foreign policy editor, by Klara P. Keczeli; place and date not given: "The Genocide of Information; All Evidence Will Be Destroyed by the Time the Change Takes Place; Laszlo Toth, the Foreign Policy Editor of Ujvidek Television, on the Situation That Prevails in the Television Building"]

[Excerpts] At a Belgrade roundtable discussion the other day on "The Freedom of the Media and Democratic Public Opinion" between those in power and the opposition, participants (the opposition, of course,) called attention to the fact that the persecution and transfer of journalists who think differently continues, and that these journalists are threatened with layoffs and extortion. They also pointed out that television has prepared us for everything that has happened, everything that has overwhelmed us, from the outcome of the elections to the outbreak of the

war, and that the next elections will not be free or democratic either unless a significant turnaround takes place. Lastly, the program speech of Milan Panic, the head of the federal government, also had the democratization and the liberation of the media as one of its pivotal points.

A group of Ujvidek [Novi Sad] Television reporters enjoying a good reputation recently made an initiative to cleanse the television screen and to wash the shame off the Ujvidek studio. A delegation from Serbia's Democratic Movement [DEPOS] also paid a visit to the directorates of the radio and the television not too long ago to conduct negotiations regarding the necessity and requirements of having a free and democratic flow of information.

"What is the situation at Ujvidek Television, what is happening to journalists who think differently, have their positions been endangered like the jobs of their colleagues in Belgrade?" we asked Laszlo Toth, the foreign policy editor of Ujvidek Television who is also well-known abroad. He and several of his colleagues belong to the "internal opposition."

[Toth] Although the situation is not as drastic at Ujvidek Television as it is at Belgrade Television, one cannot really work here either. Or, one could say, only those are able to work who do not provide information, but instead serve those in power, i.e., who convey information regarded as appropriate by those in power. The rest of them were forced to retreat entirely two or three years ago. The question is the length of time this condition can last, when the leadership takes another step against them and begins dismissing those who think differently. I am afraid that this too could take place once the new collective agreements are signed. For this reason there are fewer and fewer people who manifest resistance; people are afraid because they worry about their livelihood. [passage omitted]

[Keczeli] Rumors are that the destructive work performed by the present leadership of the Ujvidek studio affected not only the objectivity of information provided, but also the televisions' valuable library of documentaries. A number of valuable cassettes and tapes have been destroyed....

[Toth] Yes, and this is more terrifying than the present situation—the mockery of information provision and the existential misery of some journalists. Some day the situation is going to change anyway, be that two months, six months, or a year from now—it is bound to change. But the damage caused by the leadership in the documentary material can never again be repaired. Although it is true that there is a shortage of cassettes, some value system should have been established for reusing the old cassettes. But the leadership has not conferred, they have not done any evaluation, instead they broke open the cabinets, the armored vaults holding the documentary materials, and destroyed a number of documents of immeasurable value. [passage omitted]

Not to mention the fact that when the turnaround occurs, we will not be able to document or to prove the kinds of things this leadership had done during the past few years, because they destroy everything that had been taped or broadcast. The false reports they recorded with stunt men

in the "battlefield"; the "on-the-scene reports" by journalists who did not even leave Ujvidek to file those reports. They take great care in making everything disappear, so that no trace, no proof against them remains.

[Kecze] Journalists have protested countless times; it seems, however, that all this has no effect. These protests reach newspapers that are liberal anyway, but that, unfortunately, has very little impact as compared to the several millions of people who view television....

[Toth] This is true, but we still must not stop protesting. Resistance is on the increase, after all. More than half of the Serbian journalists are demanding, for example, that a special meeting of the association of journalists be convened, because these journalists do not recognize the legitimacy of that certain meeting that was held last May. If this special meeting is indeed held, we may expect serious changes by fall. Most Serbian journalists are in the opposition, and there is an ever-increasing number of dissatisfied colleagues at the Belgrade newspapers, at TANJUG, and at Belgrade radio.

Details on Devising of 'Opera' Espionage Affair

*92BA1327D Belgrade BORBA in Serbo-Croatian
4 Aug 92 p 11*

[Article by J. Floric: "Tus Is/Is Not Behind a Screen"]

[Text] A few months ago, when the "Opera" Affair was launched in public, certain news media wrote about this as though it were "big-time espionage" and about a "center in which Tus's people were installed to spy for Croatia." Colonel Slobodan Rakocevic, best known in the media as the "brain behind the organization of the 'Opera,'" received particular publicity together with a number of generals: Zvonko Jurijevic, Zivan Mircetic, and Voja Radovic.

An Agreement at the Highest Level

Col. Rakocevic, who at one time was the top security officer of the RV i PVO [Air Force and Air Defense], has been in custody during the investigation since mid-May. The investigation against him and his colleagues (Ratko Radakovic, Slavko Malobabic, and Radenko Radojcic) was instituted on the grounds of warranted suspicion that he had committed the crimes of terrorism, divulging military secrets, and unauthorized eavesdropping. A decision of the military authorities placed this group in custody on grounds that they would harass witnesses if they were at liberty.

Because a decision of the court has proclaimed the entire investigatory proceedings a military secret, many details of this "case" have remained behind the closed doors of the investigating judge. Dr. Jovan Pavlica, Col. Rakocevic's defense counsel, spoke to BORBA about how "Opera" actually came about.

"It all began back in mid-September 1991, when the RV i PVO Command, by order of the SSNO [Federal Secretariat for National Defense], decided to improve its news and propaganda effort. That is, an order went out from the political administration of the Federal Secretariat to establish press centers in all commands at the strategic level and other units where this was found to be necessary," Dr. Pavlica said.

"Accordingly, the RV i PVO Command itself was of the opinion that their news and propaganda activity was poor, and they were looking for a way to improve it. There was an agreement among the highest leaders of the command," Pavlica continued, "including General Zvonko Jurijevic, air force commander, to form a council for news and propaganda. Its members were Lt. Col. Gen. Zivan Mircetic, Maj. Gen. Vojislav Racetic, Maj. Gen. Vojislav Radovic, Col. Mirko Vucinic, Lt. Col. Marjan Zihlerl, and the civilian Slavko Malobabic. The staff was headed by Gen. Mircetic, whose position at that time was chief of staff of the RV i PVO."

From Propaganda to Transport

The council, according to defense counsel Dr. Pavlica, was supposed to monitor the situation in news and propaganda activity of all units of the air force and to propose specific measures and actions to the commander. The first of these that the council proposed was the formation of a group of experts that would engage in news and propaganda activity in a modern and scientifically sound manner. At the same time, Dr. Pavlica continued, a professional team was formed of people who mostly had worked formerly for military security on the territory of Bosnia and Croatia and who because of the well-known events had been transferred to Belgrade. In time, these people gained the status of volunteers, and Radojcic, Malobabic, Zihlerl, and Maj. Savic became members of that team. The group was given the name "Opera" and went to work. In the assessment of Gen. Jurijevic himself and the entire council, this group performed very successfully, the lawyer, Dr. Pavlica, says, up until early January 1992, after the helicopter of the European Community was downed. Then there were certain disagreements, because the members of "Opera" wanted to publish the true information about the reasons why the helicopter was downed and about how the pilot and the RV i PVO Command were not to blame for that.

After that time, the subject of the interview told BORBA, their activity began to slowly decline and was more oriented toward economic problems, i.e., linking the army to the krajinas because that was the time when the units of the UNPROFOR [UN Protective Force] were coming into those areas. After Gen. Jurijevic departed because of the well-known incident with the helicopter of the European Community, his place was taken on 5 March by Lt. Col. Gen. Bozidar Stefanovic at a time when all the top people in the units of the command were replaced. That same day, Dr. Jovan Pavlica says, they began to write about "Opera" as the "center in which Tus's people had been installed to engage in espionage on behalf of Croatia."

Law on Amnesty for JNA Draft Dodgers

*92BA1327A Belgrade BORBA in Serbo-Croatian
5 Aug 92 p 10*

[Article by B. Vignjevic: "For Return of the Fugitives"]

[Text] The fact that several tens of thousands of people refused to respond to their military obligation, or, in

lawyers' language, the fact that this crime has become so frequent as to be measured in five-digit numbers, is a strong signal and stern warning. Domestic public opinion, deeply polarized by the conflicts of war on the soil of the former SFRY, is divided over the draft dodgers. And that was the motive which the Ministry of Justice of the federal government, which has jurisdiction here, had when it prepared the Amnesty Bill and sent it to the Yugoslav Assembly for adoption. Incidentally, Federal Prime Minister Milan Panic also came out for amnesty in his speech on 14 July, when he presented his program to the federal parliament. And the government adopted the bill on amnesty in just 15 days, on 30 July to be precise.

Who Is Being Forgiven...

Amnesty (exemption from prosecution or unconditional release from serving a sentence that has been pronounced or the portion of a sentence that has not been served) is granted to persons who are citizens of the FRY [Federal Republic of Yugoslavia] and citizens of the former SFRY who before the date when this law takes effect have committed the crime of not reporting to a draft notice and evading military service under Article 214 of the SFRY Criminal Code. Amnesty is also granted to (these) persons who before the date when this law takes effect have committed any of the following crimes in the armed conflicts on the territory of the former SFRY or related to those conflicts: armed rebellion (under Article 124, Paragraph 1, of the Criminal Code), offering assistance to a perpetrator after a crime has been committed (Article 137, Paragraph 1, of the Criminal Code), failure and refusal to carry out an order (Article 201, Paragraphs 1 and 3, of the Criminal Code). Amnesty also covers persons who have refused to accept and use arms (Article 202 of the Criminal Code) or who have been insubordinate (Article 203, Paragraphs 1, 2, and 7, of the Criminal Code). The amnesty law also exempts from prosecution those who have committed the crime of evading military service by incapacitating themselves or by deception (Article 215 of the Criminal Code) or by absence without leave and desertion from the armed forces (Article 217 of the Criminal Code).

If proceedings have not been instituted against the persons to whom the amnesty applies, they will not be instituted. In addition, the legislature has also provided the following—if criminal proceedings are taking place against persons who may be amnestied, they will be terminated. Finally, if proceedings have been completed, the court will issue a verdict rejecting the indictment against the amnestied person.

...And Who Is Not

The two essential conditions for amnesty are the following: that the persons, after refusing to discharge their military obligations, did not go over to the other side, to military formations opposed to the JNA [Yugoslav People's Army], and committed no crimes against humanity and international law, nor crimes against property. What is more, if someone has committed the crime for which amnesty is being proposed simultaneously with one of these crimes (against humanity, international law, or property), he is not covered by the amnesty. Stated more precisely, there is no amnesty for those who evaded going into the JNA and went to war in other armed formations and in so doing committed crimes. The legislature also proposes that those who incited the crime of armed rebellion not be amnestied in view of the grave consequences which that produced. Nor may organizers or ringleaders in armed rebellions be amnestied.

The federal government has proposed to the Yugoslav Assembly that the amnesty law be adopted through urgent procedure. This is why: The supporting argument states that it is essential to adopt the law as soon as possible in order to reestablish the principle of equality of all citizens before the law. And in the case of large-scale violation of the norms of the SFRY Criminal Code (as is the case with refusing military service), it is not possible to prosecute every individual, and therefore there is no equality before the law. Thousands of people, that is, are involved. The second government argument is that rapid adoption of the amnesty law would begin the process of overcoming the sharp divisions which the armed conflicts and related events have brought about between citizens of FR Yugoslavia.

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